



J. TYLER McCAULEY  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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January 31, 2007

TO: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley  
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY FLOOD  
CONTROL DISTRICT FOR THE YEAR ENDED JUNE 30, 2006**

Attached is the audit of the financial statements of the Los Angeles County Flood Control District (District), for the year ended June 30, 2006. The audit was conducted by Simpson & Simpson, Certified Public Accountants (Simpson), under the Auditor-Controller's master agreement for audit services.

Simpson issued an unqualified opinion on the District's financial statements, indicating that the statements are presented fairly, in conformity with accounting principles generally accepted in the United States of America and State regulations governing special districts. Simpson identified no material weaknesses in the District's internal controls over financial reporting.

Please call if you have any questions, or your staff may call Jim Schneiderman at (626) 293-1101.

JTM:MMO:JLS:TK

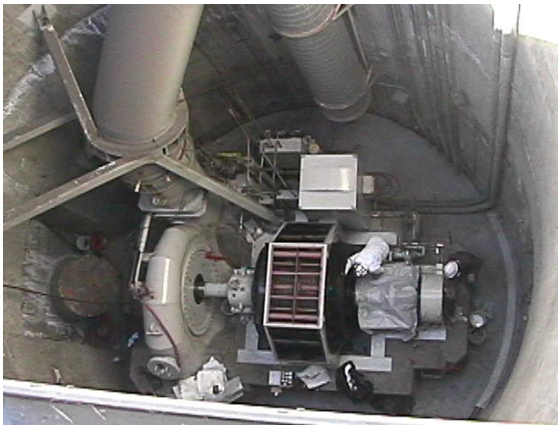
Attachment

c: David E. Janssen, Chief Administrative Officer  
Donald L. Wolfe, Director, Department of Public Works  
Public Information Office  
Audit Committee



# ***Los Angeles County Flood Control District***

***(A Component Unit of the County of Los Angeles, California)***



***Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2006  
Director Donald L. Wolfe***

# LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2006

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# LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2006

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DONALD L. WOLFE, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH FREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

January 25, 2007

IN REPLY PLEASE

REFER TO FILE **FI-4**

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT**

We are pleased to submit the Comprehensive Annual Financial Report of the Los Angeles County Flood Control District (District) for the year ended June 30, 2006. The District is a blended component unit of the County of Los Angeles. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles prescribed for governmental entities and provides a comprehensive overview of the District's financial operations and financial position. The accuracy, completeness, and fairness of the presentation of all information in this report are the responsibility of the District under the direction of the Director of the County of Los Angeles Department of Public Works, Donald L. Wolfe.

The Comprehensive Annual Financial Report consists of three sections:

- Introductory Section - This section includes this transmittal letter, a list of the members of the Board of Supervisors and principal County officials, and an organization chart of the Department of Public Works.
- Financial Section - This section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements (including notes), and the Required Supplementary Information. The MD&A is a narrative introduction, overview, and analysis of the basic financial statements. The basic financial statements include the government-wide financial statements that are designed to provide an overview of the District's entire financial operations. In addition, the fund financial statements present financial information of each of the District's funds as well as fiduciary funds.

- Statistical Section - This section includes other financial information and also demographic information, generally presented on a multiyear basis.

## **LOS ANGELES COUNTY FLOOD CONTROL DISTRICT AND ITS SERVICES**

Under the Los Angeles County Flood Control Act, the Los Angeles County Flood Control District was established in 1915. The District consists of approximately 2,752 square miles. The District's mission is to provide flood control facilities that function as designed during storm events, increase local water availability through conservation efforts, and improve water quality of streams, rivers, lakes, and the ocean. The District's powers are exercised through the County of Los Angeles Board of Supervisors (Board), which acts as the District's governing body. The duties of the Board include approving the District's budget, determining the District's tax rates, approving contracts, and determining when to issue bonds authorized by the voters of the District.

The District currently operates and maintains 15 major dams, 520 miles of open channels, 78,430 catch basins, 2,800 miles of underground storm drain, 49 pump plants, 159 sediment (debris) entrapment basins, 229 concrete check dams, 26 spreading grounds, and 3 seawater intrusion barriers. The District's major programs are categorized as Flood Control and Water Conservation. These programs are described as follows:

- **Flood Control** - These programs include operation and maintenance, emergency storm response, storm rehabilitation, debris control, floodplain management, public service, and construction of storm protection facilities such as dams, debris basins, drains, pumps, etc.
- **Water Conservation** - These programs include: (1) the conservation of storms flows and imported water by allowing the water to soak into groundwater basins for future use, (2) seawater intrusion barrier projects that are designed to prevent saltwater from contaminating underground freshwater supplies, (3) dam safety and debris removal projects that rehabilitate dams to withstand a maximum seismic event or probable maximum flood, and (4) reservoir clearance of accumulated debris to increase their flood control and water conservation storage capacities.

Over two-thirds of the County of Los Angeles's demand for water is met by sources located outside the County, thus, maintaining an adequate water supply is consistently a concern. The Water Conservation program is therefore critical in meeting the demand for water and involves modernizing, automating, and improving District water conservation facilities. Facilities allow the retention of

stormwater runoff that would otherwise flow into the ocean and the infiltration of water into groundwater basins.

## **ECONOMIC OVERVIEW**

The District's flood control activities are supported primarily by revenues from benefit assessments and property taxes. Revenue for construction activities is supplemented by contributions from other governmental agencies, fees collected from developers, reimbursements from the Federal Emergency Management Agency and California Office of Emergency Services, bond proceeds, and grants. The District seeks and encourages project partnering to maximize financial resources.

The demand for flood control infrastructure and the projected long-term costs continue to increase. This demand is being driven by the strict stormwater and urban water runoff quality regulations of the National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Permit and Total Maximum Daily Loads. The District is faced with the challenge of identifying new funding sources and pursuing voter-approved funding mechanisms to help finance these increased costs. On November 7, 2006, voters approved California State Propositions 1E and 84, which provide for the State to sell bonds to finance projects relating to enhancing flood protection and improving stormwater runoff quality. The District anticipates that both of these measures will provide considerable funding; however, the full amount cannot be determined until the bond implementation and funding guidelines are established.

## **FINANCIAL INFORMATION**

### **INTERNAL AND BUDGETARY CONTROLS**

The District has a system of internal accounting controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the costs of a system of internal accounting controls should not outweigh related benefits and that the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting control evaluations occur within the above framework. We believe that the District's system of internal accounting controls adequately safeguards assets and also provides reasonable assurance of proper recording of financial transactions.

In accordance with the provisions of Section 29000-29144 of the Government Code, commonly known as the County Budget Act, the District budgets are adopted on or before August 30 of each fiscal year. Budgets are adopted for the District's General



Fund and Debt Service Fund. Expenditures are controlled at the object level for all budget units within the District, except for fixed asset expenditures which are controlled at the sub-object level.

Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and encumbrances outstanding at the time are reported as reservations of fund balance for subsequent year expenditures.

The Board approves all transfers of appropriations between budget units and transfers exceeding \$250,000 within budget units. The Board must also approve necessary supplemental appropriations normally financed by unanticipated revenues earned during the year.

In addition to these procedural controls, the District is subject to periodic internal control, operational, and management audits performed by the County Auditor-Controller to help ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. In addition, the Auditor-Controller operates a fraud hotline that provides employees and citizens with a way to anonymously report perceived fraudulent activities by employees, vendors, contractors, and inspectors. Allegations reported over the hotline are evaluated and investigated by the Auditor-Controller as appropriate.

#### CASH MANAGEMENT

The District has its funds on deposit with the Los Angeles County Treasury Pool (LACTP). The Treasurer invests LACTP funds primarily in certificates of deposit, obligations of various agencies of the federal government and of County of Los Angeles, corporate notes, repurchase agreements, and commercial paper. In accordance with Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the basic financial statements reflect the fair value of investments.

The Treasurer's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Investments are placed in conformance with State law and Treasurer investment policy as approved by the Board. Any deviations from the policy are reported to the Board monthly and the Treasury Oversight Committee quarterly.

## RISK MANAGEMENT

The District has programs to address public liability and property damage. The District bears the risk for all loss exposure in excess of insurance coverage.

## OTHER INFORMATION

### INDEPENDENT AUDIT

The Continuing Disclosure Agreement dated January 1, 2003, by and between the Los Angeles County Flood Control District and The Bank of New York Trust Company, N. A., as Trustee, requires an annual audit of the basic financial statements of the District. Simpson & Simpson, CPAs, has audited the District's basic financial statements for the fiscal year ended June 30, 2006. The auditor's report on the basic financial statements is included in the Financial Section of this report.

## ACKNOWLEDGEMENTS

This report could not have been prepared without the cooperative efforts of the staff of Public Works' Financial Management Branch, various Public Works' line divisions, and the Auditor-Controller. The District would also like to thank our independent auditors, Simpson & Simpson, CPAs, for their professional assistance.

Respectfully submitted,



DONALD L. WOLFE  
Director of Public Works

WT:rm

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Enc.

**COUNTY OF LOS ANGELES  
BOARD OF SUPERVISORS**  
(for Period Ending June 30, 2006)

Michael D. Antonovich  
Mayor, Los Angeles County

Gloria Molina  
First District

Zev Yaroslavsky  
Third District

Yvonne B. Burke  
Second District

Don Knabe  
Fourth District

Sachi A. Hamai  
Executive Officer  
Board of Supervisors

**CONTRIBUTING COUNTY OFFICIALS**

Donald L. Wolfe  
Director of Public Works

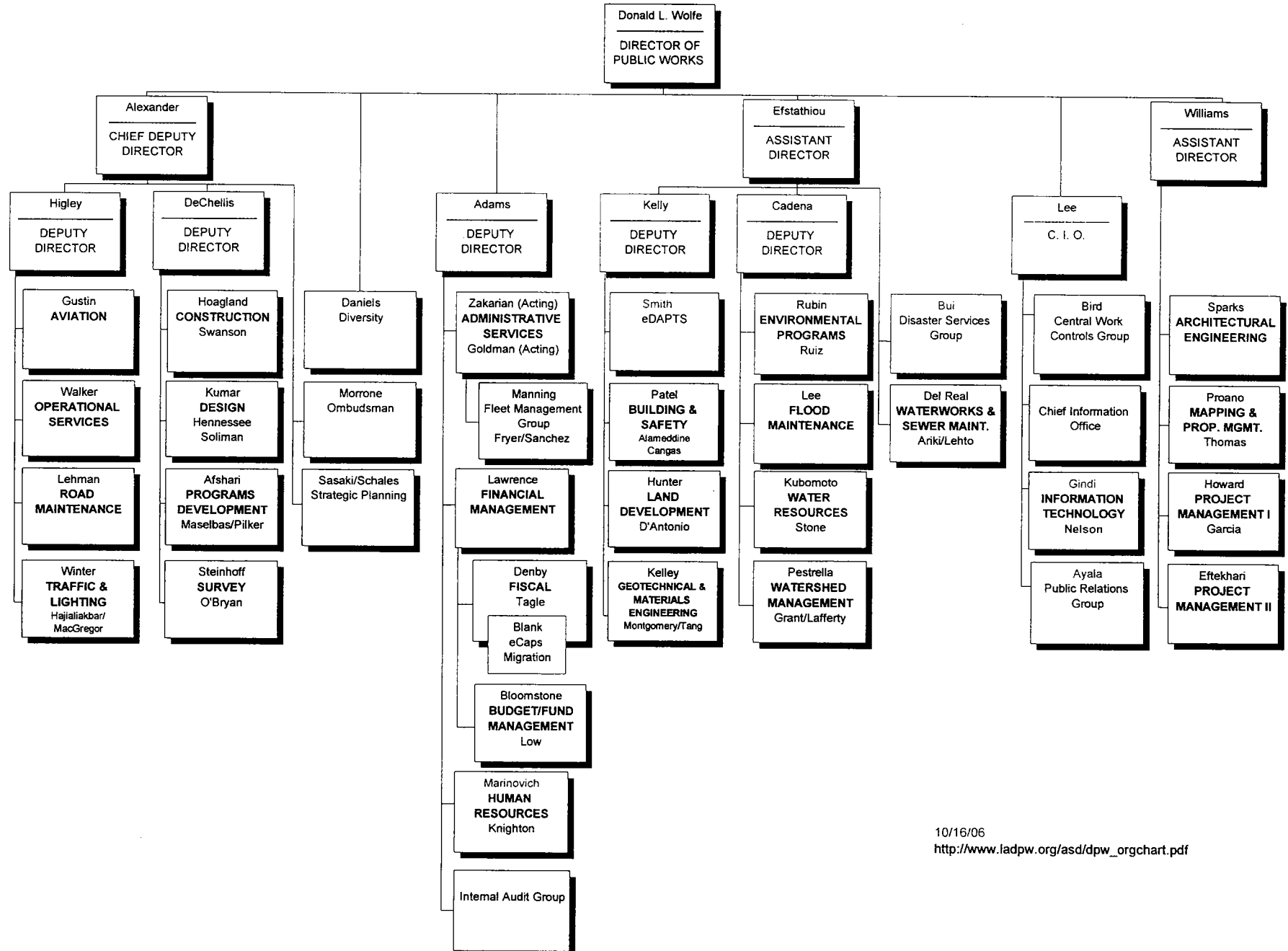
David E. Janssen  
Chief Administrative Officer

J. Tyler McCauley  
Auditor-Controller

Mark J. Saladino  
Treasurer and Tax Collector

Raymond G. Fortner, Jr.  
County Counsel

# COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS



10/16/06

[http://www.ladpw.org/asd/dpw\\_orgchart.pdf](http://www.ladpw.org/asd/dpw_orgchart.pdf)





SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
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Mr. J. Tyler McCauley  
Auditor-Controller  
County of Los Angeles  
Los Angeles, California

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Los Angeles County Flood Control District (District), California, as of and for the fiscal year ended June 30, 2006, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis identified in the accompanying table of contents is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Los Angeles County Flood Control District's basic financial statements. The accompanying supplementary information identified in the table of contents as the introduction section and the statistical section are presented for purposes of additional analysis are not required parts of the basic financial statements. The introduction section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Simpson &amp; Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California  
January 25, 2007

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Los Angeles County Flood Control District (District) financial performance provides a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with information contained in the letter of transmittal and accompanying basic financial statements, notes, and supplementary information.

The District is a component of a larger governmental unit, the County of Los Angeles (County). We also encourage readers to use the Comprehensive Annual Financial Report of the County of Los Angeles to provide perspective on the government-wide and fund based statements and on how the District is a component of those statements.

**FINANCIAL HIGHLIGHTS**

At the end of the current year, the net assets (total assets less total liabilities) of the District were \$5.618 billion.

During the year, the District's net assets increased by \$50 million. The increase was a result of the District's governmental activities. The District has no business-type activities to report.

At the end of the current year, the District's General Fund reported a total fund balance of \$133 million. The amount of unreserved and designated fund balance was \$26 million.

The District's capital assets balance, \$5.59 billion at year-end, increased by \$24 million during the year. During the current year, the District implemented retroactive reporting of its land and easements and infrastructure assets. Accordingly, \$5.376 billion of land and easements and infrastructure assets, net of depreciation, have been recognized and recorded as adjustments to the beginning balances for the current year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements, which are comprised of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

This report also includes other supplementary information in addition to the basic financial statements.



**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference representing net assets. Over time, increases or decreases in the District's net assets may serve as an indicator of whether its financial health is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses have been accrued but not yet paid.

The government-wide financial statements of the District report on one category, governmental activities, as the District has no business-type activities or discretely presented component units for which the District is financially accountable.

*Governmental Activities* - All of the District's basic services are included here. Property taxes and benefit assessments finance almost all of the District's flood control activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements are designed to provide more detailed information about the District's significant funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District has two kinds of funds:

*Governmental Funds* – All of the District's basic services are included in the governmental funds that focus on how resources flow in and out and show the balances remaining at year-end that are available for spending. The governmental funds statements provide a detailed short-term view that helps readers determine whether there are more or fewer financial resources that can be spent in the near future on the District's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, we show the relationship between governmental activities and governmental funds using the reconciliations on pages 19, 22, and 23 and the notes to the basic financial statements.

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

*Fiduciary Funds* – These funds are used to report assets held in an agency capacity for others and cannot be used to support the District's activities. The District's agency funds are reported in this fund category using the accrual basis of accounting.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes can be found beginning on page 26 of this report.

**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the District's budget and actual revenues and expenditures on a budgetary basis. The RSI can be found on pages 43 through 46 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

A comparative analysis of government-wide data is available and presented under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. The District does not have business-type activities to report.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5.618 billion at the close of the most recent fiscal year (see Table 1).

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**Table 1**

**Summary of Net Assets  
As of June 30, 2006 and 2005  
(in thousands)**

	<b>Governmental Activities</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>
Current and other assets	\$ 175,050	\$140,646
Capital assets	<u>5,589,679</u>	<u>189,764</u>
Total assets	<u>\$5,764,729</u>	<u>\$330,410</u>
Current and other liabilities	\$ 16,395	\$ 10,859
Long-term liabilities	<u>129,941</u>	<u>127,272</u>
Total liabilities	<u>146,336</u>	<u>138,131</u>
Net assets:		
Invested in capital assets, net of related debt	5,461,839	67,884
Restricted net assets	17,759	1,700
Unrestricted net assets	<u>138,795</u>	<u>122,695</u>
Total net assets	<u>5,618,393</u>	<u>192,279</u>
Total liabilities and net assets	<u>\$5,764,729</u>	<u>\$330,410</u>

As indicated above, the District's total net assets consist of the following three components:

**Capital Assets, Net of Related Debt**

The District's capital assets, net of related debt, are \$5.462 billion. This represents its investment in capital assets (e.g., land and easements, buildings and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. At June 30, 2006, the District reported bonds payable of \$128 million that were related to capital assets. It should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The District began to capitalize newly acquired infrastructure assets during the 2001-02 fiscal year in accordance with GASB 34. In the current year, the District has implemented GASB 34 provisions that require the reporting of land and easements and infrastructure assets acquired prior to July 1, 2001. As indicated in Note 5 to the basic financial statements, the District recognized \$5.376 billion of such assets, net of depreciation.

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**Restricted Net Assets**

The District's restricted net assets at year-end were \$18 million. The asset restrictions are imposed by bond covenants for construction, debt service, and reserve purposes.

**Unrestricted Net Assets**

The District's unrestricted net assets, \$139 million, may be used to meet the District's ongoing financial requirements.

**Governmental Activities**

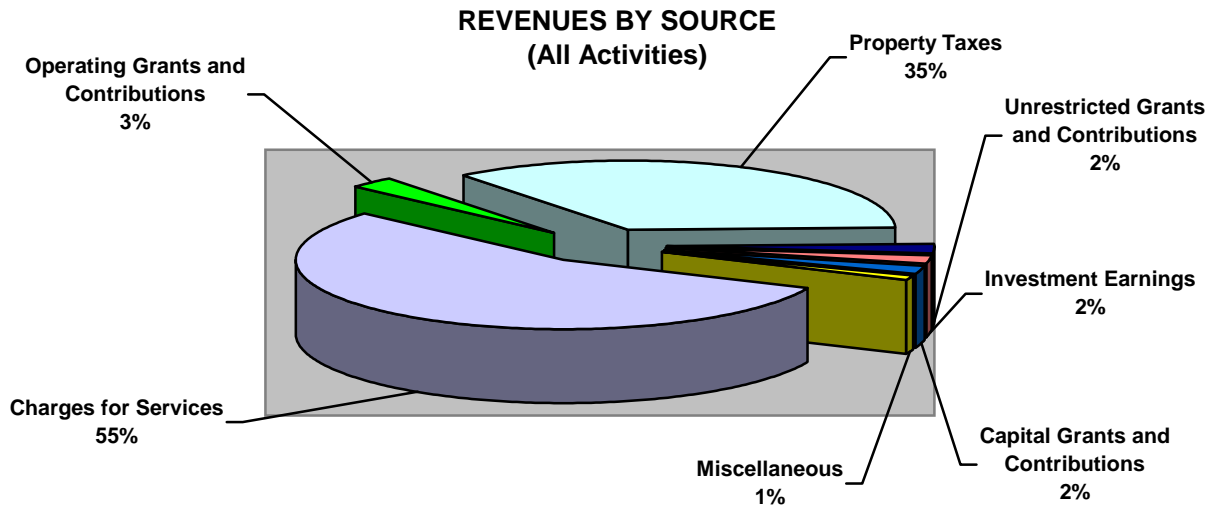
Table 2 indicates the changes in net assets for the governmental activities.

**Table 2**

**Summary of Changes in Net Assets  
For the Years Ended June 30, 2006 and 2005  
(in thousands)**

	<b>Governmental Activities</b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>
Revenues:		
Program revenues:		
Charges for services	\$ 121,494	\$118,708
Operating grants and contributions	7,125	4,931
Capital grants and contributions	4,172	926
General revenues:		
Property taxes	76,423	70,937
Unrestricted grants and contributions	3,443	2,984
Investment earnings	4,961	2,582
Miscellaneous	<u>1,429</u>	<u>2,409</u>
Total revenues	<b><u>\$ 219,047</u></b>	<b><u>\$203,477</u></b>
Expenses:		
Public protection	\$ 162,509	\$147,333
Contributions to Los Angeles County	1,026	609
Interest on long-term debt	<u>5,788</u>	<u>5,534</u>
Total expenses	<b><u>\$ 169,323</u></b>	<b><u>\$153,476</u></b>
Changes in net assets	\$ 49,724	\$ 50,001
Net assets – beginning, as restated (Note 2)	<u>5,568,669</u>	<u>142,278</u>
Net assets – ending	<b><u>\$5,618,393</u></b>	<b><u>\$192,279</u></b>

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**



The District's changes in net assets decreased slightly from the previous year. Following are the major factors that contributed to the net asset changes:

- Revenues from governmental activities increased by \$16 million (8%) over the prior year. The most significant changes in revenue were in the following areas:
  - Charges for services increased by \$3 million (2%) as a result of higher revenue from city projects and an increase in rental payments from the County to the District for its occupancy of the Public Works headquarters building.
  - Operating grants and contributions were \$2 million (44%) higher than the previous year due to \$5 million in reimbursements from the State Water Resource Control Board for the San Gabriel River – Valley Boulevard and Low-Flow Diversion projects. This was partially offset by a \$3 million reduction in Hazard Mitigation Grants Program (HMGP) and disaster reimbursements from the Federal Emergency Management Agency (FEMA).
  - Capital grants and contributions were \$3 million (351%) higher than the previous year due to reimbursement from FEMA for the District headquarters seismic retrofit project.
  - Property taxes were \$5 million (8%) higher than the previous year. This is due to the strength in the real estate market and continued upward trend in the County's assessed property values.

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

- Investment earnings increased by \$2 million (92%) as a result of an increase in the yield from the County's Treasury Pool from 2.16% in the previous year to 3.95% in the current year. The District deposits all cash receipts in the County's Treasury Pool and the County manages the day-to-day investments of the District.
- Governmental activity expenses were \$16 million (10%) higher than the previous year due to increases in public protection spending, costs associated with shared equipment, and interest on long-term debt on scheduled debt service payments.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure compliance with finance-related legal requirements.

Types of governmental funds reported by the District include the General, Debt Service, and Capital Projects Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined fund balance of \$149 million, an increase of \$28 million in comparison with the prior year. The current year-end fund balance consists of \$108 million in reserves to indicate the extent that the funds have been committed or are otherwise unavailable for spending and \$26 million in designations that have been set aside for specific infrastructure improvements. The remaining \$15 million is unreserved and undesignated and is available for flood control capital projects.

Revenues from the District's governmental funds, primarily the General Fund, were \$218 million, an increase of \$15 million (7%) from the previous year. The benefit assessment revenue of \$109 million, included as charges for services, was the major source of revenue for the governmental funds. The other significant source of revenue for the governmental funds was property taxes, which were \$75 million. Property taxes increased \$4 million (6%) from the previous year. Together, these two revenue sources account for 84% of total revenues for all the governmental funds. Expenditures for the governmental funds totaled \$210 million, an increase of \$6 million (3%) over the previous year. In the current year, revenues for governmental activities exceeded expenditures by \$8 million.

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Budgetary Summary – Revenues/Financing Sources**

Table 3 is a summary of current year budgetary changes and actual results for the District's General Fund revenues and other financing sources (in thousands).

**Table 3**

<b><u>Category</u></b>	<b>Increase (Decrease) From Original Budget</b>	<b>Final Budget Amount</b>	<b>Actual Amount</b>	<b>Variance - Positive (Negative)</b>
Taxes	\$8,072	\$ 76,786	\$ 75,850	\$ (936)
Intergovernmental revenues	-	24,824	14,740	(10,084)
Charges for services	200	116,628	113,204	(3,424)
All other revenues	-	11,455	13,774	2,319
Other sources and transfers	-	23,604	9,637	(13,967)
Long-term debt proceeds	-	-	-	-
Changes in reserves/designations	(14,220)	(7,670)	(2,245)	5,425
<b>Total</b>	<b>\$(5,948)</b>	<b>\$245,627</b>	<b>\$224,960</b>	<b>\$(20,667)</b>

**Changes from Amounts Originally Budgeted**

During the year, the net change in budgeted tax revenues, charges for services, and changes in reserves and designations is negative \$6 million. The net change resulted from the following areas:

- The budgeted tax revenues were increased by \$8 million. The District's policy is to increase the budget for certain tax revenues that exceed the amounts originally budgeted. The revised budget action occurs at the end of the fiscal year and is designed to demonstrate compliance with legal provisions related to the appropriation of revenues from taxes.
- The budgeted charges for services revenues were increased by \$200,000 due to a contribution from the City of Bell to finance its share of the construction costs for the Bell – Riverfront Project.
- The changes in reserves and designations were negative \$14 million. This resulted from: (1) a \$3 million increase in designation for the Sun Valley Watershed Management and Replenishment Project, (2) a \$12 million establishment of a new designation for the financing of the Big Tujunga Dam Seismic Rehabilitation and Spillway Modification Project, and (3) a \$1 million decrease in designation of the LACDA to finance the Los Angeles River – Riverfront Project.

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**Actual Revenues/Financing Sources Compared With Final Budget Amounts**

Actual revenues and other financing sources recognized by the District's General Fund were \$21 million less than budgeted. The variance mainly resulted from the following:

- Delay in the reimbursement of (1) \$4 million from FEMA and the Office of Emergency Services (OES) for various January 2005 Winter Storm projects, (2) \$5 million from FEMA for various HMGP projects, and (3) \$2 million from FEMA for the District headquarters seismic retrofit project. The construction phase of the District headquarters seismic retrofit project is currently in progress and the FEMA reimbursement for this project will be rebudgeted. Also, the total \$11 million delay in reimbursement was partially offset by a \$1 million increase in billings to the Orange County Water District and USDA Forest Service for various projects.
- Decrease in billings for the Sun Valley Park – Drains and Infiltration System Project and to various cities for catch basin cleanout services.
- Increase in: (1) investment earnings as a result of an increase in the yield from the County's Treasury Pool, (2) leases and royalties, and (3) rental payments from the County to the District. According to the cost-sharing agreement between the County and the District, the County is to make rental payments to the District in exchange for its occupancy of the Public Works headquarters building and also pay for its proportionate share of the headquarters operating costs.
- Delay in reimbursement of \$15 million from the Capital Projects Fund to the General Fund for the District headquarters seismic retrofit project. The construction phase of the District headquarters seismic retrofit project is currently in progress and the reimbursement for this project will be rebudgeted. The delay in reimbursement was partially offset by a \$1 million increase in the sale of land, easements, and equipment.
- Changes in reserves totaling \$5 million were decreased as a result of the cancellation of existing contracts and purchase orders resulting in additional unreserved funds.



**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**Budgetary Summary - Expenditures/Other Financing Uses**

Table 4 is a summary of current year budgetary changes and actual results for the District's General Fund expenditures, contributions to the County, and contingencies (in thousands).

**Table 4**

<b><u>Category</u></b>	<b>Increase (Decrease) From Original Budget</b>	<b>Final Budget Amount</b>	<b>Actual Amount</b>	<b>Variance - Positive</b>
Public Protection	\$(12,820)	\$245,466	\$229,774	\$15,692
Contributions to the County of Los Angeles	-	1,382	1,026	356
Contingencies	6,872	12,261	-	12,261
Total	\$ (5,948)	\$259,109	\$230,800	\$28,309

**Changes from Amounts Originally Budgeted**

During the year, the net change in the District's General Fund budgeted public protection and contingencies is negative \$6 million. The net change resulted from the following areas:

- Budgeted public protection expenditures were decreased by \$13 million in order to establish the designations for the Big Tujunga Dam Seismic Rehabilitation and Spillway Modification and Sun Valley Watershed Management and Replenishment projects.
- Budgeted contingencies were increased by \$7 million as a result of actual tax revenues exceeding the original budget. The District's policy is to increase the budget for certain tax revenues that exceed the amounts originally budgeted. As indicated previously, the revised budget action occurs at the end of the fiscal year and is designed to demonstrate compliance with legal provisions related to the appropriation of revenues from taxes.

**Actual Expenditures/Other Financing Uses Compared with Final Budget Amounts**

Actual expenditures and other financing uses of the District's General Fund were \$28 million lower than budgeted. The variance of \$16 million in the public protection category resulted from changes in the District's project schedule that occur as a result of various circumstances that delay the award of a project for construction. Project delays are anticipated and an inventory of projects is kept to replace projects that remain in the planning stage or are delayed. The majority of the variance in public protection resulted from the delay of the District headquarters seismic retrofit and refurbishment projects.

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Contingency appropriations of \$12 million were not utilized. The amount budgeted in this account was not eligible to be spent. The contingency appropriations were established to demonstrate compliance with legal provisions related to the appropriation of revenues from taxes in excess of the original budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2006, the District had \$5.59 billion invested in capital assets including land and easements, buildings and improvements, infrastructure, and equipment (see Table 5). In the current year, the District fully implemented GASB 34 provisions to recognize land and easement and infrastructure assets that were acquired prior to July 1, 2001. As indicated in Note 5 to the basic financial statements, retroactive reporting added \$5.376 billion of such assets, net of depreciation, to the District's basic financial statements as of the beginning of the current year.

The District's capital assets increased \$24 million (0.4%) from the prior fiscal year (as restated):

**Table 5**  
**Changes in Capital Assets, Net of Depreciation (in thousands)**

	<b>Current Year</b>	<b>Prior Year, as restated</b>	<b>Increase (Decrease)</b>
Land and easements	\$3,498,201	\$3,473,329	\$24,872
Buildings and improvements (B&I)	42,463	43,611	(1,148)
Infrastructure	1,979,297	1,989,787	(10,490)
Equipment	210	255	(45)
Construction-in-progress - B&I	14,072	3,736	10,336
Construction-in-progress - infrastructure	55,436	55,436	0
Total	\$5,589,679	\$5,566,154	\$ 23,525

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Current year infrastructure costs were capitalized for projects that remained in progress at the end of the year. The value of construction-in-progress at June 30, 2006, was \$55 million and the value will remain classified within the Construction-in-Progress category until the assets are completed.

This year's infrastructure asset additions of \$46.7 million from the Construction-in-Progress category were as follows (asset addition values are shown before depreciation is deducted):

Channel Improvements

- Santa Clara River – South Fork Stabilizer Repair at PD No. 1300 (\$1,564,000)
- Los Angeles River Laurel Canyon Greenway (\$1,440,000)
- Los Angeles River “Ernie’s Walk” (\$1,064,000)
- Lindero Canyon – Agoura Road to Lake Lindero Drive (\$1,038,000)
- Santa Anita Wash Repair Access Roads (\$1,025,000)
- Various channel improvement projects (\$1,986,000)

Debris Basins

- Little Dalton Debris Dam Seismic Strengthening and Spillway Bridge (\$1,502,000)
- Various debris basin projects (\$900,000)

Pumping Plants

- Avalon Pump Station Engine Replacement and Pump Station Upgrade (\$2,377,000)
- Various pumping plant projects (\$1,490,000)

Spreading Grounds

- Santa Fe Reservoir Spreading Grounds Horse Trail Modifications (\$826,000)

Storm Drain Improvements

- Hollyhills Drain, Unit 8A (\$6,813,000)
- Fairplex Drain (\$6,464,000)
- Hollyhills Drain, Unit 8B (\$6,031,000)
- Los Angeles River TMDL Compliance Phase 2A and Ballona Creek (\$2,878,000)
- Regional Project No. 1105 Redondo Beach Area Low Flow Diversion (\$1,253,000)
- Priority A and B Catch Basin Retrofit in Cities Tributary to the L.A. River (\$1,029,000)
- Project No. 46, Low-Flow Diversion at Rose Avenue (\$1,024,000)
- Various storm drain improvement projects (\$6,027,000)

**LOS ANGELES COUNTY  
FLOOD CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

**Debt Administration**

At June 30, 2006, the District had \$130 million in long-term debt. The District's long-term debt consisted of \$1 million in voter-approved general obligation bonds, \$127 million in revenue bonds, and \$2 million in other liabilities. The District's long-term debt increased by approximately \$3 million (2%) in the current year resulting from the \$21 million bond issuance, which was partially offset by \$15 million in scheduled debt service payments and a \$3 million decrease in estimated liabilities.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Financial Management Branch at the Department of Public Works, 900 South Fremont Avenue, 7th Floor, Alhambra, California 91803-1331.

# **Basic Financial Statements**

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006 (in thousands)**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Pooled cash and investments (Notes 1 and 4)	\$ 126,394
Advances to other funds	6,213
Other investments	16,833
Taxes receivable	14,407
Interest receivable	784
Other receivables	8,634
Due from other funds	1,785
Capital assets: (Notes 1 and 5)	
Land and easements and construction-in-progress	\$ 3,567,709
Other capital assets, net of depreciation	2,021,970
Total capital assets	5,589,679
<b>TOTAL ASSETS</b>	<b>5,764,729</b>
<b>LIABILITIES</b>	
Accounts payable	7,160
Accrued interest payable	1,710
Due to other funds	1,785
Deferred revenue	5,740
Noncurrent liabilities: (Notes 6 and 8)	
Due within one year	16,377
Due in more than one year	113,564
<b>TOTAL LIABILITIES</b>	<b>146,336</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	5,461,839
Restricted for:	
Capital projects	16,932
Debt service	827
Unrestricted	138,795
<b>TOTAL NET ASSETS</b>	<b>\$ 5,618,393</b>

The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)**

		Program Revenue			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>Governmental activities:</b>					
Public protection	\$ 162,509	121,494	7,125	4,172	\$ (29,718)
Contributions to Los Angeles County	1,026				(1,026)
Interest on long-term debt	5,788				(5,788)
<b>Total</b>	<b>\$ 169,323</b>	<b>121,494</b>	<b>7,125</b>	<b>4,172</b>	<b>(36,532)</b>
<b>General revenues:</b>					
Property taxes					76,423
Grants and contributions not restricted to special programs					3,443
Investment earnings					4,961
Miscellaneous					1,429
Total general revenues					86,256
 Change in net assets					 49,724
Net assets - July 1, 2005, as restated (Note 2)					5,568,669
Net assets - June 30, 2006					<u>\$ 5,618,393</u>

The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006 (in thousands)**

	<b>GENERAL</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS:</b>				
Pooled cash and investments (Notes 1 and 4)	\$ 125,566	729	99	\$ 126,394
Advances to other funds	6,213			6,213
Other investments			16,833	16,833
Taxes receivable	7,163	689		7,852
Interest receivable	778	6		784
Assessments receivable	6,555			6,555
Other receivables	8,634			8,634
Due from other funds	1,785			1,785
<b>TOTAL ASSETS</b>	<b>\$ 156,694</b>	<b>1,424</b>	<b>16,932</b>	<b>\$ 175,050</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 7,160			\$ 7,160
Due to other funds			1,785	1,785
Deferred revenue	16,097	588		16,685
<b>TOTAL LIABILITIES</b>	<b>\$ 23,257</b>	<b>588</b>	<b>1,785</b>	<b>\$ 25,630</b>
<b>FUND BALANCES:</b>				
<b>Reserved for:</b>				
Encumbrances	\$ 104,637			\$ 104,637
Special purposes	3,011			3,011
Debt service		836		836
<b>Unreserved:</b>				
Designated	25,789			25,789
Undesignated			15,147	15,147
<b>TOTAL FUND BALANCES</b>	<b>\$ 133,437</b>	<b>836</b>	<b>15,147</b>	<b>\$ 149,420</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 156,694</b>	<b>1,424</b>	<b>16,932</b>	<b>\$ 175,050</b>

The notes to the basic financial statements are an integral part of this statement.



**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2006 (in thousands)**

Fund balance of total governmental funds (page 18) \$ 149,420

Amounts reported for governmental activities in the Statement of  
Net Assets are different because:

Capital assets in governmental activities are not current financial  
resources and therefore are not reported in governmental funds:

Land and easements	\$ 3,498,201	
Construction-in-progress	69,508	
Buildings and improvements - net	42,463	
Equipment - net	210	
Infrastructure - net	1,979,297	5,589,679

Other long-term assets are not available to pay for current-  
period expenditures and are deferred, or not recognized,  
in governmental funds:

Deferred revenue		10,945
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Accrued interest payable is not recognized in governmental funds		(1,710)
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The following long-term liabilities are not due and payable in the  
current period and therefore are not reported in the governmental funds:

Bonds and notes payable	(127,840)	
Litigation/self insurance	(2,101)	(129,941)

Net assets of governmental activities (page 16)		\$ 5,618,393
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The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Taxes	\$ 74,908	489		\$ 75,397
Licenses and permits	394			394
Fines, forfeitures, and penalties	1,184	12		1,196
Interest	4,298	91	572	4,961
Rents and royalties	7,028			7,028
Intergovernmental revenues:				
Federal	4,095			4,095
State	8,036			8,036
Other	2,609			2,609
Charges for services	113,296			113,296
Miscellaneous	869			869
<b>TOTAL REVENUES</b>	<b>216,717</b>	<b>592</b>	<b>572</b>	<b>217,881</b>
<b>EXPENDITURES:</b>				
Current public protection:				
Services and supplies	178,716	2		178,718
Other charges	382			382
Principal		14,580		14,580
Interest		5,796		5,796
Capital outlay	4,390		6,032	10,422
<b>TOTAL EXPENDITURES</b>	<b>183,488</b>	<b>20,378</b>	<b>6,032</b>	<b>209,898</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>33,229</b>	<b>(19,786)</b>	<b>(5,460)</b>	<b>7,983</b>

Continued...

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - Continued  
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
<b>OTHER FINANCING SOURCES (USES):</b>				
Sales of capital assets	\$ 757			\$ 757
Transfers in	28	18,998	20,491	39,517
Transfers out	(18,998)	(20,519)		(39,517)
Proceeds of long-term debt		20,540		20,540
Contributions to Los Angeles County	(1,026)			(1,026)
<b>OTHER FINANCING SOURCES (USES)</b>	<b>(19,239)</b>	<b>19,019</b>	<b>20,491</b>	<b>20,271</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>13,990</b>	<b>(767)</b>	<b>15,031</b>	<b>28,254</b>
<b>FUND BALANCE - BEGINNING</b>	<b>119,447</b>	<b>1,603</b>	<b>116</b>	<b>121,166</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 133,437</b>	<b>836</b>	<b>15,147</b>	<b>\$ 149,420</b>

The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)**

Net change in fund balances - total governmental funds (page 21)	\$	28,254
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Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the Statement of Activities, the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense:

Expenditures for general capital assets, infrastructure and other related capital asset adjustments	\$ 86,476	
Less - current year depreciation expense	<u>(62,754)</u>	23,722

In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources, thus, the change in net assets differs from the change in fund balance	(197)
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Revenue timing differences result in less revenue in Government-wide Statements	605
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Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets	14,580
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Continued...

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - Continued  
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)**

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (20,540)

Accrued interest for bonds payable; this is the net change in accrued interest for the current period 9

Some expenses reported in the accompanying Statement of Activities do not require (or provide) the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in litigation/self insurance	3,291
Change in net assets of governmental activities (page 17)	<u>\$ 49,724</u>

The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2006 (in thousands)**

	<b>AGENCY FUNDS</b>
	<hr/>
<b>ASSETS</b>	
Pooled cash and investments (Notes 1 and 4)	\$ 3,388
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 3,388</b>
	<hr/>
<b>LIABILITIES</b>	
Deposits payable	\$ 3,388
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 3,388</b>
	<hr/>

The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)**

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
<b><u>TOTAL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Pooled cash and investments (Notes 1 and 4)	\$ 3,229	517	(358)	\$ 3,388
<b>TOTAL ASSETS</b>	<u><u>\$ 3,229</u></u>	<u><u>517</u></u>	<u><u>(358)</u></u>	<u><u>\$ 3,388</u></u>
<b>LIABILITIES</b>				
Deposits payable	\$ (3,229)	(517)	358	\$ (3,388)
<b>TOTAL LIABILITIES</b>	<u><u>\$ (3,229)</u></u>	<u><u>(517)</u></u>	<u><u>358</u></u>	<u><u>\$ (3,388)</u></u>

The notes to the basic financial statements are an integral part of this statement.

# **Notes to the Basic Financial Statements**



## LOS ANGELES COUNTY FLOOD CONTROL DISTRICT NOTES TO THE BASIC FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### General

The Los Angeles County Flood Control District (District) is empowered to carry out the objectives of the Los Angeles County Flood Control Act. Its objectives are to provide for the control and conservation of flood, storm, and other wastewater as well as to protect from damage the harbors, waterways, public highways, and property within the District from such flood or stormwaters. District powers are exercised through the County of Los Angeles Board of Supervisors (Board), which acts as the District's governing body. The duties of the Board include approving the District's budget, determining the District's tax rates, approving contracts, and determining when to issue bonds authorized by the voters of the District.

#### Reporting Entity

District management has determined that the Public Works Financing Authority (PWFA) should be included in the basic financial statements of the District as a blended component unit. The PWFA is dependent upon the District for funding. The PWFA is a public agency organized pursuant to a Joint Exercise of Powers Agreement between the District and the County dated May 18, 1993. The PWFA is empowered to finance District capital assets through the issuance of bonds.

Blended component units are entities that, because of the closeness of the relationship with the primary government, should be blended in the basic financial statements as though they are part of the primary government. The District does not have any component units that should be discretely presented. Additional financial information for the PWFA may be obtained from the Department of Public Works at 900 South Fremont Avenue, Alhambra, California 91803.

The District is included as a blended component unit in the County financial reporting entity and is included in the County's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006. The financial resources and operations of the District are accounted for in the fund types discussed below.

#### Basis of Accounting and Measurement Focus

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting incorporates all GASB pronouncements.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements

Government-wide financial statements display information about the District as a whole. The Statement of Net Assets and Statement of Activities display information about the District except for fiduciary activities.

Basis of Accounting

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the basic financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Proceeds of long-term debt are recorded as a liability rather than as another financial source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than as an expenditure.

Net assets are classified into the following three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. Net assets are reported as restricted when their use has been constrained by externally imposed conditions. Such conditions include limitations imposed by creditors (such as through debt covenants), grantors, or laws or regulations of other governments. Net asset restrictions are also recognized when imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted net assets are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are presented after the government-wide financial statements. These statements display information about major funds individually and in the aggregate for governmental funds.

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for governmental and fiduciary fund categories are presented.

The District reports on the following major governmental funds:

- General Fund

The General Fund is available for any authorized purpose and is used to account for all financial resources except those required to be accounted for in another fund.

- Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of flood control structures financed by general long-term debt.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

- Fiduciary Funds (Agency Funds)

The Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental entities, or other funds.

Basis of Accounting

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance operations during the year. Secured and unsecured property taxes and benefit assessments estimated to be collectable in future years are recorded as receivables and deferred revenue. The accrual of property tax revenues is generally limited to the extent that collection occurs within 60 days after the balance sheet date.

Interest income and charges for current services are accrued when earned and determined available. Changes in the fair value of investments are recognized as revenues at the end of each year. Federal and State grants are recorded as revenue when determined to be available, entitlement occurs, and related eligible expenditures are incurred. Revenues that are not accrued include licenses, permits, and miscellaneous revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except for interest on long-term debt, which is recognized when payment is due.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Noncurrent portions of long-term receivables due from governmental funds are reported on the District's balance sheet and are offset by deferred revenue. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

As a result of its spending measurement focus, expenditure recognition for governmental fund types excludes transactions involving noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State's Government Code and Revenue and Taxation Code. Property is assessed at full cash or market value (with some exceptions). Pursuant to such legislation, the Board levies a property tax to support general operations of the various jurisdictions (ad valorem tax). This tax is limited to one percent (1%) of full cash value of property and collections are distributed in accordance with statutory formulae. The District receives an apportionment from the property tax levy which is a major source of District revenue.

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments: the first is due November 1 and is delinquent with penalties after December 10; the second is due February 1 and is delinquent with penalties after April 10. Secured property taxes that are delinquent and unpaid as of June 30 are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five (5) years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due and any excess is remitted, if claimed, to the taxpayer.

Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1 and become delinquent, if unpaid, on August 31. Unsecured property tax receivables are reduced by an amount estimated to be uncollectible, which is based on a five-year historical average collection percentage.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Benefit Assessments

The District, as authorized by the State's Government Code, levies an assessment on each parcel of real property within the District, except on property owned by Federal, State, or local government agencies. The assessment, as approved by the Board, is levied in proportion to benefits received and determined on the basis of the proportionate stormwater runoff from each parcel. The purpose of benefit assessments is to cover the cost of providing flood control services within the District not offset by other available revenues.

Deposits and Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," the accompanying financial statements reflect the fair value of investments. Changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

All cash and investment balances of the District are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. Each fund's share in the pool is displayed in the accompanying financial statements as pooled cash and investments. Investment income earned by the pooled investments is allocated to various funds based on the fund's average cash and investment balance as provided by Government Code Section 53647.

The fair value of pooled investments is determined annually and based on current market prices. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawals rather than market value.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital outlays are recorded as expenditures of the General and Capital Projects Funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

The District's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements, and \$100,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 5.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Infrastructure	10 to 50 years

Pursuant to GASB Statement No. 34, the requirement to record and depreciate infrastructure assets acquired prior to July 1, 2001, was deferred until the fiscal year beginning July 1, 2005. As of June 30, 2006, the District has recorded the remaining infrastructure assets acquired prior to July 1, 2001, and those assets that were either completed since July 1, 2001, or considered to be construction in progress at year-end. Such infrastructure assets are reflected in the governmental activities column in the accompanying government-wide financial statements as of June 30, 2006. Infrastructure assets are depreciated upon completion. A schedule of capital assets is presented in Note 5.

2. ACCOUNTING CHANGES AND RESTATEMENT OF FUND BALANCE/NET ASSETS

Governmental Accounting Standards Board Statement No. 42

GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries," provides guidance on reducing the carrying value of a capital asset other than through the use of depreciation. Applying the GASB's note that "the provisions of this Statement need not be applied to immaterial items," GASB 42 did not have an impact on the District's financial statements for the year ended June 30, 2006.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

2. ACCOUNTING CHANGES AND RESTATEMENT OF FUND BALANCE/NET ASSETS-Continued

Governmental Accounting Standards Board Statement No. 44

For the fiscal year ended June 30, 2006, the County implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section." This Statement enhances and updates the statistical section that accompanies a local government's basic financial statements to reflect the significant changes that have taken place in the government. The statistical section is comprised of schedules presenting trend information about financial position, revenue source, outstanding debt, economics and demographics, and operating information. Implementation of GASB Statement No. 44 did not have an impact on the District or the County's financial statements for the year ended June 30, 2006, but required additional disclosures in the statistical section of the District's Comprehensive Annual Financial Report and the County of Los Angeles Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006.

Governmental Accounting Standards Board Statement No. 46

For the fiscal year ended June 30, 2006, the District implemented GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation – an Amendment of GASB Statement No. 34." This Statement requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. A legally enforceable enabling legislation restriction is one that a party external to the District – such as citizens, public interest groups, or the judiciary – can compel a government to honor. Implementation of GASB Statement No. 46 did not have an impact on the District's financial statements for the year ended June 30, 2006, but required additional disclosure (see Note 1 – "Government-wide Financial Statements" segment).

Governmental Accounting Standards Board Statement No. 47

GASB Statement No. 47, "Accounting for Termination Benefits," provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations. GASB Statement No. 47 did not have an impact on the District's financial statements for the year ended June 30, 2006.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

2. ACCOUNTING CHANGES AND RESTATEMENT OF FUND BALANCE/NET ASSETS-Continued

Governmental Accounting Standards Board Statement No. 48

GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues," provides guidance on accounting and financial reporting for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. GASB Statement No. 48 did not have an impact on the District's financial statements for the year ended June 30, 2006.

Restatement of Fund Balance/Net Assets

During the year, the District restated beginning balances to reflect the recording of the remaining land and easements and infrastructure assets acquired prior to July 1, 2001. The effects of the changes are as follows (in thousands):

	Net Assets July 1, 2005, As Previously Reported	Effect of Land and Easements and Infrastructure Assets	Net Assets July 1, 2005, As Restated
Government-wide			
Governmental activities	\$192,279	\$5,376,390	\$5,568,669

3. TRANSACTIONS WITH THE COUNTY

Pursuant to an agreement between the District and the County, the County is responsible for providing all necessary employees to the District for purposes of performing District functions. Costs related to these employees are billed to the District based on actual time spent providing services to the District. Supply and equipment costs are also billed based on actual usage by the District. Accordingly, the District has no supplies inventory or employee-related liabilities (e.g., pension, compensated absences, and workers' compensation). For the year ended June 30, 2006, the County's billings to the District's General Fund approximated \$88,993,000. Costs associated with shared equipment funded through the Department of Public Works Internal Service Fund and the contribution to the Information Technology Fund for the financing of the Aerial Imagery Project are recorded in the District's financial statements as "Contributions to Los Angeles County." For the year ended June 30, 2006, this contribution from the District's General Fund was \$1,026,000.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

3. TRANSACTIONS WITH THE COUNTY-Continued

The District has numerous transactions with the other funds of the County in order to finance operations, provide services, purchase assets, and apportion property taxes. To the extent that certain transactions between the District and these funds have not been paid or received as of June 30, 2006, the net balances of interfund amounts receivable or payable have been converted to cash for financial statement presentation.

On April 16, 1990, the District entered into a cost-sharing agreement with the County relative to the Public Works headquarters building. The agreement provides for the County to make rental payments to the District in exchange for its occupancy of the headquarters. Furthermore, the County agreed to pay for its proportionate share of the headquarters operating costs. For the year ended June 30, 2006, County rental payments to the District totaled \$4,809,000.

The District issued certificates of participation in 1987 to acquire the headquarters building. These certificates were defeased and replaced with refunding bonds in August 1993. The 1993 refunding bonds were refunded in January 2003 (see Note 6). The District's management has no intention of selling the headquarters. However, in the event the headquarters were to be sold, the proceeds of the sale in excess of any outstanding indebtedness would be shared by the District and the County in proportion to each entity's share of the headquarters' cost.

4. CASH AND INVESTMENTS

Pooled Cash and Investments

As provided for by the Government Code, certain cash balances of the District are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. As of June 30, 2006, the District's share of the total pooled cash and investments included in the Statement of Net Assets and Balance Sheet under "pooled cash and investments" was \$126,394,000, which represents approximately 0.80% of the total pool. The "pooled cash and investments" reported on the Statement of Fiduciary Net Assets was \$3,388,000.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

4. CASH AND INVESTMENTS-Continued

Interest earned on pooled investments is deposited monthly based upon the average daily deposit balance during the allocation period. Investment gains and losses are proportionately shared by the entities participating in the pool as an increase or reduction in interest earnings. The net unrealized loss on the District's proportionate share of investments held in the Treasurer's Pool was \$278,000 as of June 30, 2006. Statutes authorize the pool to invest in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposit, floating rate notes, repurchase agreements, and reverse repurchase agreements.

Investments are managed by the County Treasurer, who provides status reports on a monthly basis to the Board. In addition, the County Treasury Oversight Committee reviews and monitors the County's investment policy. The Committee membership includes the Treasurer and Tax Collector, Auditor-Controller, Superintendent of Schools, Chief Administrative Officer, and a non-County representative.

GASB Statement No. 3 exempts participating entities from classifying their pool investments in categories of credit risk; however, GASB Statement No. 40 requires disclosures of common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. Information on common deposit and investment risks for the entire County Treasurer Pool is presented in Note 5 to the County of Los Angeles Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006.

# LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

### 5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006, is as follows (in thousands):

	Balance July 1, 2005, as previously reported	Adjustments	Balance July 1, 2005, as restated	Additions	Deletions	Balance June 30, 2006
<b><u>Governmental Activities</u></b>						
<b>Capital assets, not depreciated:</b>						
Land and easements	\$ 5,237	3,468,092	3,473,329	24,872		\$ 3,498,201
Construction-in-progress - buildings and improvements	3,736		3,736	10,391	(55)	14,072
Construction-in-progress - infrastructure	51,528	3,908	55,436			55,436
<b>Subtotal</b>	<b>60,501</b>	<b>3,472,000</b>	<b>3,532,501</b>	<b>35,263</b>	<b>(55)</b>	<b>3,567,709</b>
<b>Capital assets, being depreciated:</b>						
Buildings and improvements	64,880		64,880			64,880
Equipment	1,666		1,666		(120)	1,546
Infrastructure	92,252	3,186,424	3,278,676	52,788	(53,651)	3,277,813
<b>Subtotal</b>	<b>158,798</b>	<b>3,186,424</b>	<b>3,345,222</b>	<b>52,788</b>	<b>(53,771)</b>	<b>3,344,239</b>
<b>Less accumulated depreciation:</b>						
Buildings and improvements	21,269		21,269	1,148		22,417
Equipment	1,411		1,411	45	(120)	1,336
Infrastructure	6,855	1,282,034	1,288,889	61,561	(51,934)	1,298,516
<b>Subtotal</b>	<b>29,535</b>	<b>1,282,034</b>	<b>1,311,569</b>	<b>62,754</b>	<b>(52,054)</b>	<b>1,322,269</b>
<b>Total capital assets, being depreciated, net</b>	<b>129,263</b>	<b>1,904,390</b>	<b>2,033,653</b>	<b>(9,966)</b>	<b>(1,717)</b>	<b>2,021,970</b>
<b>Total capital assets, net</b>	<b>\$189,764</b>	<b>5,376,390</b>	<b>5,566,154</b>	<b>25,297</b>	<b>(1,772)</b>	<b>\$5,589,679</b>

### **Depreciation Expense**

Depreciation expense was charged to functions/programs of the Flood Control District as follows (in thousands):

Governmental activities:

Public protection	62,754
<b>Total depreciation expense, governmental activities</b>	<b>\$ 62,754</b>

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

6. LONG-TERM OBLIGATIONS

Long-term obligations of the District consist of general obligation bonds, capital construction and refunding bonds, and other liabilities (Note 8).

General Obligation Bonds

Pursuant to the Los Angeles County Flood Control Act and subject to voter approval, the District is authorized to issue bonds. The proceeds from the sale of bonds were used for the construction of storm drain systems. Revenue for retirement of such bonds is provided from ad valorem taxes on property within the District. In 1970, the District issued \$252,000,000 in bonds, maturing in 2008, with interest rates from 4.0% to 8.2%. The District's general obligation bonds outstanding at June 30, 2006, are summarized as follows (in thousands):

\$252,000 authorized in 1970, \$252,000 issued; due in annual installments through 2008; interest at 4.0% to 8.2%	\$1,080
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Aggregate debt service requirements to maturity of general obligation bonds as of June 30, 2006, are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 710	\$ 43
2008	370	9
Total	<u>\$ 1,080</u>	<u>\$ 52</u>

Capital Construction and Refunding Bonds

On January 30, 2003, the Los Angeles County Public Works Financing Authority issued \$143,195,000 in refunding revenue bonds, maturing on various dates between 2004 and 2017, with an average interest rate of 3.34%. These bonds were issued to refund the outstanding principal amount of \$147,565,000 of capital construction and refunding bonds issued in 1993 at an interest rate of 5%.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

6. LONG-TERM OBLIGATIONS-Continued

The District's capital construction and refunding bonds outstanding at June 30, 2006, are summarized as follows (in thousands):

\$143,195 issued in 2003; due in annual installments through 2017; average interest at 3.34%	\$107,140
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Aggregate maturity of capital construction and refunding bonds as of June 30, 2006, are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 12,860	\$ 4,728
2008	13,245	4,342
2009	13,740	3,845
2010	14,300	3,283
2011	14,985	2,598
2012-2016	36,490	3,452
2017	<u>1,520</u>	<u>64</u>
Total	<u>\$107,140</u>	<u>\$22,312</u>

Revenue Bonds Series 2005A

On July 13, 2005, the Los Angeles County Public Works Financing Authority issued \$20,540,000 in revenue bonds, maturing on various dates between 2006 and 2025, with interest rates ranging from 4% to 4.125%. Bond proceeds were used to finance the design, renovation, improvement, and seismic retrofitting of the District's headquarters building and to pay certain costs of issuance incurred in connection with the Series 2005A Bonds. Specific disclosures related to the revenue bonds are as follows (in thousands):

Proceeds of Revenue Bonds Issued	\$20,540
Bond Premium	<u>346</u>
Deposit to Escrow	\$20,886
Cost of Issuance	(269)
Underwriter's Discount	<u>(158)</u>
Total Deposit to the Construction Fund	<u>\$20,459</u>

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

6. LONG-TERM OBLIGATIONS-Continued

Aggregate maturity of revenue bonds as of June 30, 2006, are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 710	\$ 789
2008	735	761
2009	765	732
2010	795	701
2011	830	669
2012-2016	4,675	2,820
2017-2021	5,685	1,808
2022-2025	5,425	567
Total	<u>\$ 19,620</u>	<u>\$ 8,847</u>

Changes in Long-Term Obligations

The following is a summary of long-term obligations for the fiscal year ended June 30, 2006 (in thousands):

	<u>Balance July 1, 2005</u>	<u>Additions (Deletions)</u>	<u>Maturities</u>	<u>Balance June 30, 2006</u>	<u>Due Within One Year</u>
Bonds Payable	\$121,880	20,540	(14,580)	\$127,840	\$14,280
Other Liabilities (Note 8)	<u>5,392</u>	<u>(3,291)</u>		<u>2,101</u>	<u>2,097</u>
Total	<u>\$127,272</u>	<u>17,249</u>	<u>(14,580)</u>	<u>\$129,941</u>	<u>\$16,377</u>

7. INTERFUND TRANSACTIONS

Interfund transfers made during the year between the General, Debt Service, and the Capital Projects Funds were in accordance with long-term debt covenants. Interfund transfers to/from other funds for the year ended June 30, 2006, are as follows (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$18,998
Debt Service Fund	General Fund	28
Debt Service Fund	Capital Projects Fund	<u>20,491</u>
Total		<u>\$39,517</u>

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

8. RISK MANAGEMENT

The District has programs to address public liability and property damage. There were no settlements related to these programs that exceeded insurance coverage during Fiscal Year 2005-06. The District bears the risk for all loss exposure in excess of insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The District utilizes actuarial studies, historical data, and individual claim reviews to estimate these liabilities.

As of June 30, 2006, the District's best estimate of these probable judgment liabilities is \$2,101,000. Changes in the reported liability since July 1, 2004, resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-End
2004-05	\$4,044	\$1,509	(\$161)	\$5,392
2005-06	\$5,392	(\$3,063)	(\$228)	\$2,101

9. PROPOSITION 218

In November 1996, voters approved the "Right to Vote on Taxes Act" (Proposition 218), which limits the District's ability to levy additional property-related benefit assessments without owner approval. In September 1998, the Board approved ordinance amendments to bring the County's general purpose taxes into conformance with Proposition 218. The District's existing benefit assessments are exempt under Proposition 218. However, any future increases to property-related benefit assessments may be subject to property owner approval.

10. FEDERAL CLEAN WATER ACT

The Federal Clean Water Act mandates that the United States Environmental Protection Agency and all states establish Total Maximum Daily Load (TMDL) regulations to restore and protect the health of the nation's surface water bodies when they can no longer attain beneficial uses due to pollution despite existing pollution control programs. A TMDL is simply defined as the amount of a pollutant that a water body can receive while meeting water quality standards. In County of Los Angeles, the Los Angeles Regional Water Quality Control Board is responsible for developing TMDLs. The first TMDL in the County was established in 2000; in the ensuing years, 14 more TMDLs have been established. By 2012, up



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued

10. FEDERAL CLEAN WATER ACT-Continued

to 30 TMDLs will need to be established to restore and protect the streams, lakes, and shorelines within the County. Achieving compliance with the TMDLs poses monumental technological, economical, and political challenges to the District.

On September 3, 2003, the District's Board authorized the settlement of a lawsuit against the State Water Resources Control Board and the Los Angeles Regional Water Quality Control Board that challenged the adoption of TMDLs that set a discharge limit of zero trash in the Los Angeles River. However, that settlement was effectively made void as a result of a judicial order that required the State to redraft the TMDL discharge limit requirements. The State is currently in the process of redrafting the TMDL.

The District is currently taking measures to comply with the current and forthcoming TMDL requirements. The predicted financial impact to the District in complying with all the forthcoming TMDL requirements over the next several years and beyond will be significant.

11. SUBSEQUENT EVENTS

San Gabriel Dam and Reservoir Post-Fire Sediment Removal

On October 21, 2003, the Board approved a project to address the sediment removal related to the 2002 fire damage in the Angeles National Forest. On March 16, 2004, the Board awarded a \$34,170,000, five-year contract for this sediment removal project. The District has funded \$30 million of the contract in Fiscal Years 2003-04 through 2005-06 and will fund the remainder of the contract over the next 1 to 2 years.

Propositions 1E - The Disaster Preparedness and Flood Prevention  
Bond Act of 2006 and 84 – The Safe Drinking Water, Water Quality  
and Supply, Flood Control, River and Coastal Protection Bond Act of 2006

On November 7, 2006, the voter approval of infrastructure ballot measures for California State Propositions 1E and 84 provides for the State to sell bonds to finance projects relating to enhancing flood protection and improving stormwater runoff quality. Both of these measures will provide considerable funding to the County; however, the full funding impact to the District cannot be determined at this time until the bond implementation legislation and funding guidelines are established.

# **Required Supplemental Information**

REQUIRED SUPPLEMENTARY INFORMATION  
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND AND DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)

	GENERAL FUND				DEBT SERVICE FUND			
	ORIGINAL	FINAL	ACTUAL ON	VARIANCE	ORIGINAL	FINAL	ACTUAL ON	VARIANCE
	BUDGET	BUDGET	BUDGETARY	FROM FINAL BUDGET OVER (UNDER)	BUDGET	BUDGET	BUDGETARY	FROM FINAL BUDGET OVER (UNDER)
			BASIS				BASIS	
<b>REVENUES:</b>								
Taxes	\$ 68,714	\$ 76,786	\$ 75,850	\$ (936)	\$ 367	\$ 384	\$ 473	\$ 89
Licenses and permits	800	800	394	(406)				
Fines, forfeitures, and penalties	1,600	1,600	1,184	(416)	7	7	12	5
Revenue from use of money and property:								
Investment income	2,000	2,000	4,298	2,298	2	2	48	46
Rents and concessions	6,125	6,125	6,762	637				
Royalties	700	700	267	(433)				
Intergovernmental revenues:								
Federal	13,945	13,945	4,095	(9,850)				
State	9,279	9,279	8,036	(1,243)				
Other	1,600	1,600	2,609	1,009				
Charges for services	116,428	116,628	113,204	(3,424)				
Miscellaneous	230	230	869	639				
<b>TOTAL REVENUES</b>	<b>221,421</b>	<b>229,693</b>	<b>217,568</b>	<b>(12,125)</b>	<b>376</b>	<b>393</b>	<b>533</b>	<b>140</b>
<b>EXPENDITURES:</b>								
Current - Public protection:								
Services and supplies	207,908	194,808	194,444	(364)				
Other charges	20,523	20,523	19,369	(1,154)				
Capital assets	29,855	30,135	15,961	(14,174)				
Debt Service:								
Principal					1,185	1,185	1,185	
Interest					104	107	104	(3)
<b>TOTAL EXPENDITURES</b>	<b>258,286</b>	<b>245,466</b>	<b>229,774</b>	<b>(15,692)</b>	<b>1,289</b>	<b>1,292</b>	<b>1,289</b>	<b>(3)</b>
<b>REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>(36,865)</b>	<b>(15,773)</b>	<b>(12,206)</b>	<b>3,567</b>	<b>(913)</b>	<b>(899)</b>	<b>(756)</b>	<b>143</b>

Continued...

REQUIRED SUPPLEMENTARY INFORMATION  
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND AND DEBT SERVICE FUNDS - Continued  
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)

	GENERAL FUND				DEBT SERVICE FUND			
	ORIGINAL	FINAL	ACTUAL ON	VARIANCE	ORIGINAL	FINAL	ACTUAL ON	VARIANCE
	BUDGET	BUDGET	BUDGETARY	FROM FINAL BUDGET OVER (UNDER)	BUDGET	BUDGET	BUDGETARY	FROM FINAL BUDGET OVER (UNDER)
			BASIS				BASIS	
OTHER FINANCING SOURCES (USES):								
Sales of capital assets	\$ 150	\$ 150	\$ 757	\$ 607				
Transfers in	23,454	23,454	8,880	(14,574)				
Transfers out	(1,382)	(1,382)	(1,026)	356		(28)	(27)	1
Long-term debt proceeds								
Appropriation for contingencies	(5,389)	(12,261)		12,261	(19)	(19)		19
Changes in reserves and designations	6,550	(7,670)	(2,245)	5,425	105	119	119	
OTHER FINANCING SOURCES (USES)-NET	23,383	2,291	6,366	4,075	86	72	92	20
NET CHANGE IN FUND BALANCE	(13,482)	(13,482)	(5,840)	7,642	(827)	(827)	(664)	163
FUND BALANCE, JULY 1, 2005	13,482	13,482	13,482		827	827	827	
FUND BALANCE, JUNE 30, 2006			\$ 7,642	\$ 7,642			\$ 163	\$ 163

See accompanying notes to required supplementary information.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETARY DATA

In accordance with the provisions of Section 29000-29144 of the State's Government Code, commonly known as the County Budget Act, a District budget must be adopted on or before August 30 for each fiscal year. Budgets are adopted for the General Fund and the Debt Service Fund on a basis of accounting which is different from generally accepted accounting principles (GAAP). Note 2 indicates specific differences between the two bases of accounting as of June 30, 2006. The major areas of difference are as follows:

- Under the budgetary basis, designations are recorded as other financing uses at the time they are established. Although designations are not legal commitments, the District recognizes them as uses of budgetary fund balance. Designations that are subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.
- Under the budgetary basis, encumbrances and other reserves are also recorded as other financing uses at the time they are established. For encumbrances, this occurs at the time contracts or purchase agreements are entered into. Under the GAAP basis, these obligations are only recognized when goods are received or services are rendered. Other reserves are also recognized as other financing uses to indicate that certain assets are not available for appropriation. Cancellations of encumbrances and other fund balance reserves are recorded as other financing sources for budgetary purposes.
- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the GAAP basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- Under the GAAP basis, investment income includes the effect of changes in the fair value of investment. Under the budgetary basis, investment income is recognized prior to the effect of such fair value changes.

Expenditures are controlled at the object level for all District budgets, except for fixed asset expenditures, which are controlled at the subobject level. Expenditures did not exceed the related appropriations within any fund at June 30, 2006.

Encumbrances are set aside appropriations related to purchase orders or contracts for goods or services and are recorded to assure budgetary control and accountability in the General Fund and Capital Projects Fund. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately expected to result if the unperformed purchase orders or contracts in process at year-end are completed. Encumbrances outstanding at year-end do not

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-Continued

6

1. BUDGETARY DATA-Continued

constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balances for subsequent year expenditures (see Note 2).

Any excess of budgeted expenditures and other financing uses over revenue and other financing sources is financed by beginning available fund balance as provided for in the County Budget Act.

2. RECONCILIATION BETWEEN BUDGETARY BASIS AND GAAP

The District's Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on Budgetary Basis for the governmental funds has been prepared on the budgetary basis of accounting which is different from GAAP.

The amounts presented for the governmental fund statements are based on the modified accrual basis (GAAP) of accounting and differ from the amounts presented on the budgetary basis of accounting. The following schedule is a reconciliation of the budgetary and GAAP basis fund balances as of June 30, 2006 (in thousands):

	General Fund	Debt Service Fund
Fund Balance – Budgetary Basis	\$ 7,642	\$163
Reserves and Designations	133,697*	609
Subtotal	141,339	772
Adjustments:		
Change in Accounts Payable Accruals	(2,253)	
Change in Revenue Accruals	(5,649)	64
Fund Balance – GAAP Basis	<u>\$133,437</u>	<u>\$836</u>

\* Reserves and Designations of \$133,697,000 are before the negative \$260,000 adjustment of unreserved, undesignated fund balance in the General Fund.



## STATISTICAL SECTION

The information in this section is not covered by the Independent Auditors' Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the County's overall financial health.

CONTENTS	<u>PAGE</u>
FINANCIAL TRENDS .....	47
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
REVENUE CAPACITY.....	53
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY .....	57
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	63
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
OPERATING INFORMATION.....	66
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
NET ASSETS BY CATEGORY (UNAUDITED)  
LAST FIVE FISCAL YEARS (in thousands)  
(accrual basis of accounting)

	(1)	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> As restated
<b>Governmental activities (2)</b>						
Invested in capital assets, net of related debt (deficit)	\$	(85,127)	\$ (33,487)	\$ 16,000	\$ 67,884	\$ 5,461,839
Restricted (3)		2,430	4,769	3,313	1,700	17,759
Unrestricted		126,159	121,973	122,965	122,695	138,795
Total government net assets		<u>43,462</u>	<u>93,255</u>	<u>142,278</u>	<u>192,279</u>	<u>5,618,393</u>
<b>Primary government</b>						
Invested in capital assets, net of related debt (deficit)		(85,127)	(33,487)	16,000	67,884	5,461,839
Restricted (3)		2,430	4,769	3,313	1,700	17,759
Unrestricted		126,159	121,973	122,965	122,695	138,795
Total primary government net assets	\$	<u>43,462</u>	\$ <u>93,255</u>	\$ <u>142,278</u>	\$ <u>192,279</u>	\$ <u>5,618,393</u>

**Notes:**

- (1) Trend data is available for only the prior four fiscal years since the implementation of GASB 34.  
(2) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.  
(3) Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 CHANGES IN NET ASSETS (UNAUDITED)  
 LAST FIVE FISCAL YEARS (in thousands)  
 (accrual basis of accounting)

	(1)	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>Expenses</b>						
Governmental activities (2)						
General government						
Public protection	\$	148,671	\$ 148,450	\$ 149,317	\$ 147,333	\$ 162,509
Contribution to Los Angeles County		1,551	903	1,306	609	1,026
Interest on long-term debt		8,979	9,293	6,199	5,534	5,788
Total governmental activities expenses		159,201	158,646	156,822	153,476	169,323
Total primary government expenses		159,201	158,646	156,822	153,476	169,323
<b>Program Revenues</b>						
Governmental activities						
Charges for services		116,148	123,053	120,566	118,708	121,494
Operating grants and contributions		1,817	1,194	5,600	4,931	7,125
Capital grants and contributions		204	1,448	533	926	4,172
Total governmental activities program revenue		118,169	125,695	126,699	124,565	132,791
Total primary government revenues		118,169	125,695	126,699	124,565	132,791
<b>Net (expense)/revenue:</b>						
Government activities		(41,032)	(32,951)	(30,123)	(28,911)	(36,532)
Total primary government net expenses	\$	(41,032)	\$ (32,951)	\$ (30,123)	\$ (28,911)	\$ (36,532)

Continued...

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 CHANGES IN NET ASSETS (UNAUDITED) - Continued  
 LAST FIVE FISCAL YEARS (in thousands)  
 (accrual basis of accounting)

	(1)	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>General Revenues and Other Changes in Net Assets</b>						
<b>Governmental activities (2)</b>						
Property Taxes	\$	65,575	\$ 69,518	\$ 72,723	\$ 70,937	\$ 76,423
Unrestricted grants and contributions		2,795	3,042	3,197	2,984	3,443
Investment earnings		4,574	2,183	957	2,582	4,961
Miscellaneous		1,063	8,001	2,269	2,409	1,429
Subtotal governmental activities		<u>74,007</u>	<u>82,744</u>	<u>79,146</u>	<u>78,912</u>	<u>86,256</u>
Total primary government		<u>74,007</u>	<u>82,744</u>	<u>79,146</u>	<u>78,912</u>	<u>86,256</u>
<b>Changes in Net Assets</b>						
Government activities		32,975	49,793	49,023	50,001	49,724
Total primary government	\$	<u>32,975</u>	<u>\$ 49,793</u>	<u>\$ 49,023</u>	<u>\$ 50,001</u>	<u>\$ 49,724</u>

**Notes:**

(1) Trend data is available for only the prior four fiscal years since the implementation of GASB 34.

(2) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)  
 LAST FIVE FISCAL YEARS (in thousands)  
 (modified accrual basis of accounting)

	(1)	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
<b>General Fund</b>						
Reserved for:						
Encumbrances	\$	88,300	\$ 85,409	\$ 87,511	\$ 91,506	\$ 104,637
Special purposes		3,011	3,008	3,008	3,008	3,011
Unreserved, designated for:						
Capital projects		20,307	19,478	19,478	18,099	25,789
Unreserved, undesignated, reported in:						
General Fund		5,769	7,153	7,748	6,834	
Subtotal General Fund		<u>117,387</u>	<u>115,048</u>	<u>117,745</u>	<u>119,447</u>	<u>133,437</u>
<b>All Other governmental Funds (2)</b>						
Reserved for:						
Debt service		4,934	4,654	3,270	1,603	836
Unreserved, undesignated, reported in:						
Capital projects funds		117	220	101	116	15,147
Subtotal all other government funds		<u>5,051</u>	<u>4,874</u>	<u>3,371</u>	<u>1,719</u>	<u>15,983</u>
Total governmental fund balance	\$	<u>122,438</u>	\$ 119,922	\$ 121,116	\$ 121,166	\$ 149,420

**Notes:**

(1) Trend data is available for only the prior four fiscal years since the implementation of GASB 34.

(2) "All Other Governmental Funds" consist of the Debt Service and Capital Projects Funds.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)  
 LAST FIVE FISCAL YEARS (in thousands)  
 (accrual basis of accounting)

	(1)	2001-02	2002-03	2003-04	2004-05	2005-06
<b>Revenues (by source)</b>						
Taxes	\$	66,315	\$ 69,505	\$ 72,689	\$ 70,994	\$ 75,397
Licenses, permits, and franchises		731	535	231	308	394
Fines, forfeitures, and penalties		1,518	1,681	2,802	1,226	1,196
Revenues from use of money and property						
Interest		4,574	2,183	957	2,582	4,961
Rents and royalties		6,248	6,133	6,802	5,191	7,028
Intergovernmental revenues:						
Federal		3,313	2,347	5,240	4,065	4,095
State		1,502	1,106	1,695	2,633	8,036
Other		1	2,232	2,396	2,142	2,609
Charges for services		107,552	115,003	111,697	112,653	113,296
Miscellaneous		1,061	855	1,554	1,128	869
<b>Total Revenues</b>		<b>192,815</b>	<b>201,580</b>	<b>206,063</b>	<b>202,922</b>	<b>217,881</b>
<b>Expenditures (by function)</b>						
Current:						
Public protection		185,719	176,501	179,168	179,363	179,098
Debt Services						
Principal		16,775	24,026	16,205	16,065	14,580
Interest and other charges		9,369	9,587	6,669	5,677	5,798
Capital leases						
Capital outlay		950	3,535	2,228	2,439	10,422
<b>Total Expenditures</b>		<b>212,813</b>	<b>213,649</b>	<b>204,270</b>	<b>203,544</b>	<b>209,898</b>
<b>Excess of Revenues over (under) Expenditures</b>		<b>(19,998)</b>	<b>(12,069)</b>	<b>1,793</b>	<b>(622)</b>	<b>7,983</b>
<b>Other Financing Sources (Uses)</b>						
Sales of capital assets		206	243	708	1,281	757
Transfers in		18,429	18,482	17,587	17,582	39,517
Transfers out		(18,429)	(18,482)	(17,587)	(17,582)	(39,517)
Proceeds of long-term debt						20,540
Contribution to Los Angeles County		(1,551)	(903)	(1,306)	(609)	(1,026)
Proceeds of refunding bonds			143,195			
Payment to refunded bonds escrow agent			(143,195)			
Bond premium proceeds			8,513			
Miscellaneous			1,700			
<b>Total other financing sources (uses)</b>		<b>(1,345)</b>	<b>9,553</b>	<b>(598)</b>	<b>672</b>	<b>20,271</b>
<b>Net Change in fund balance</b>	<b>\$</b>	<b>(21,343)</b>	<b>\$ (2,516)</b>	<b>\$ 1,195</b>	<b>\$ 50</b>	<b>\$ 28,254</b>
Debt service as a percentage of noncapital expenditures:		12.34%	16.00%	11.32%	10.81%	10.21%

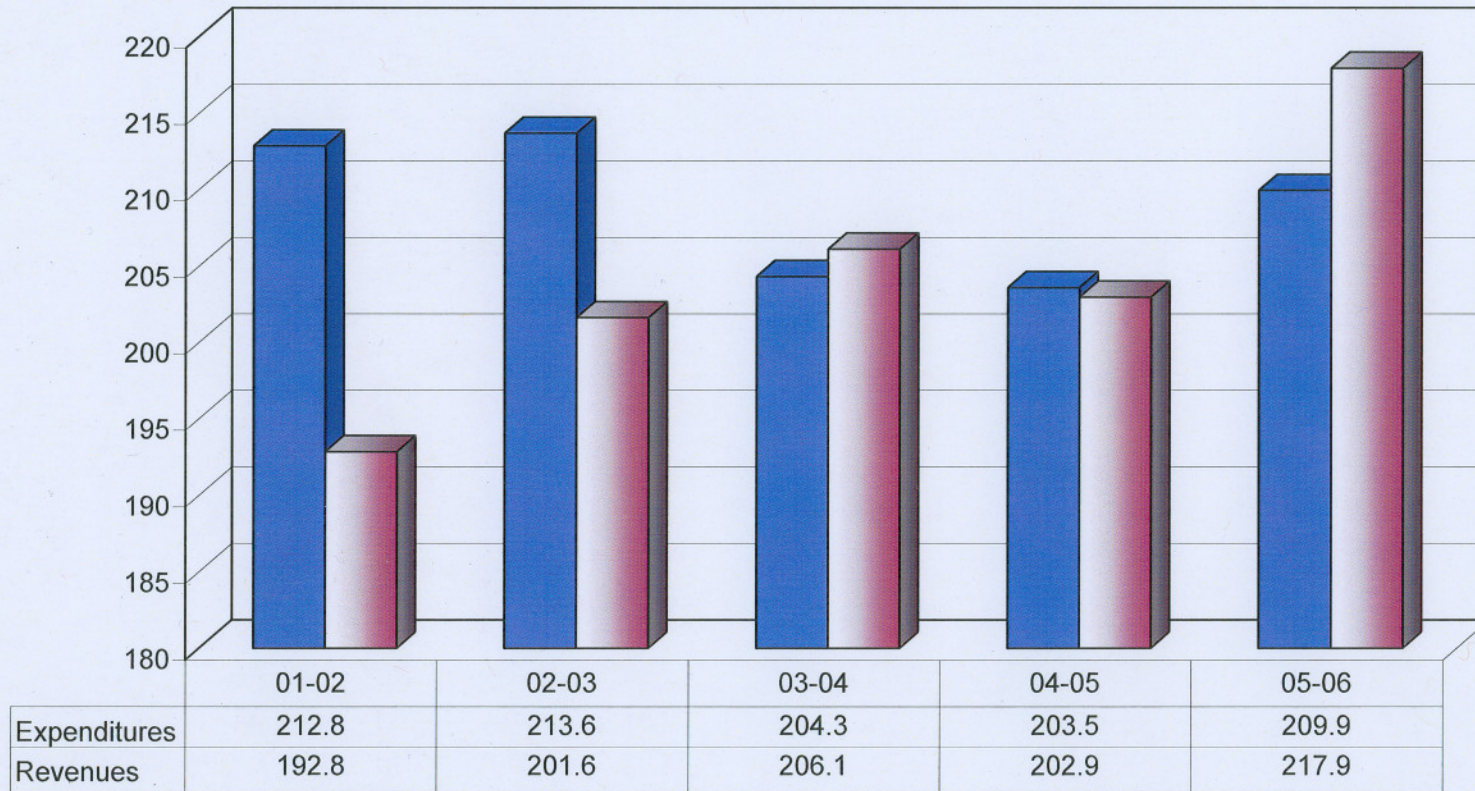
**Note:**

(1) Trend data is available for only the prior four fiscal years since the implementation of GASB 34.

# LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

## Governmental Funds Expenditures and Revenues

### Last 5 Fiscal Years



In Millions of Dollars

■ Expenditures ■ Revenues

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED) (1)  
 LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(2) Secured	(3) Unsecured	(4) Unitary	(5) Exempt	(6) Total Taxable Assessed Value	Total Direct Tax Rate
1996 - 1997	\$ 476,053,006	\$ 32,435,268	\$ 12,407,801	\$ (23,559,066)	\$ 497,337,009	1.00000%
1997 - 1998	479,497,077	34,472,630	12,668,474	(25,181,713)	501,456,468	1.00000%
1998 - 1999	492,920,009	36,808,117	12,681,433	(25,847,883)	516,561,676	1.00000%
1999 - 2000	521,494,390	37,826,556	12,505,963	(25,495,993)	546,330,916	1.00000%
2000 - 2001	556,120,737	40,449,723	12,348,515	(26,472,182)	582,446,793	1.00000%
2001 - 2002	592,345,254	44,394,254	12,425,635	(26,803,046)	622,362,097	1.00000%
2002 - 2003	632,815,105	43,785,523	12,357,025	(28,702,612)	660,255,041	1.00000%
2003 - 2004	683,216,372	44,745,197	11,587,736	(29,937,047)	709,612,258	1.00000%
2004 - 2005	738,658,957	43,898,983	10,648,846	(31,851,689)	761,355,097	1.00000%
2005 - 2006	813,276,803	43,964,997	10,718,105	(32,058,237)	835,901,668	1.00000%

**Notes:**

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Secured property is generally real property and is defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees, and vines.
- (3) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.
- (4) Unitary properties are railroads and utilities crossing the County and are assessed by the State Board of Equalization.
- (5) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (6) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop. 13), the County does not track the estimated actual value of all County properties. Under Prop. 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop. 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

**Source:**

Auditor-Controller, County of Los Angeles Taxpayers' Guide.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES FOR TAX RATE AREA #4 (UNAUDITED)  
LAST TEN FISCAL YEARS  
(PER \$100 OF ASSESSED VALUE)

<u>County Direct Rates</u>				<u>Overlapping Rates</u>			
<u>Fiscal Year</u>	<u>Los Angeles General</u>	<u>Los Angeles County General</u>	<u>Los Angeles County Flood Control District</u>	<u>Los Angeles City Tax District No. 1</u>	<u>School Districts</u>	<u>Metropolitan Water District</u>	<u>Total</u>
1996 - 1997	1.00000	0.001604	0.001991	0.035969	0.003338	0.0089	1.051802
1997 - 1998	1.00000	0.001584	0.002197	0.031098	0.012017	0.0089	1.055796
1998 - 1999	1.00000	0.001451	0.001953	0.030161	0.024749	0.0089	1.067214
1999 - 2000	1.00000	0.001422	0.001765	0.031113	0.031528	0.0089	1.074728
2000 - 2001	1.00000	0.001314	0.001552	0.026391	0.040765	0.0088	1.078822
2001 - 2002	1.00000	0.001128	0.001073	0.040051	0.064125	0.0077	1.114077
2002 - 2003	1.00000	0.001033	0.000881	0.042312	0.051571	0.0067	1.102497
2003 - 2004	1.00000	0.000992	0.000462	0.050574	0.097002	0.0061	1.155130
2004 - 2005	1.00000	0.000923	0.000245	0.055733	0.106937	0.0058	1.169638
2005 - 2006	1.00000	0.000795	0.000049	0.051289	0.098634	0.0052	1.155967

**Notes:**

- (1) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
- (2) Article XIII A (Prop. 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978.
- (3) An exception to the 1% limit was provided by Proposition 46 that was approved in June 1986 reestablishing the authority of local governments to issue general obligation bonds for certain purposes.
- (4) The County is divided into 11,067 tax areas that are unique combinations of various jurisdictions servicing a specific geographic area.

**Source:**

Secured Tax Rate and Ratios Report from Auditor-Controller Tax Division.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED) (1)  
 CURRENT YEAR AND NINE YEARS AGO  
 JUNE 30, 2006, AND JUNE 30, 1997 (in thousands)

Taxpayer	2006			1997		
	Net Assessed Secured Property Value	Rank	(2) Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	(2) Percentage of Total Net Assessed Value
Southern California Edison Co.	\$ 41,436	1	0.48%	\$ 44,950	1	0.88%
BP Amoco Corporation	27,173	2	0.32%			
Douglas Emmett Realty Fund	26,884	3	0.31%			
Chevron USA Inc.	25,019	4	0.29%	12,290	8	0.24%
Maguire Thomas Partners	24,288	5	0.28%	11,472	9	0.22%
SBC California	21,699	6	0.25%			
Arden Realty LTD Partnership	18,917	7	0.22%			
Exxon Mobil Corporation	17,496	8	0.20%	11,145	10	0.22%
Southern California Gas Company	16,022	9	0.19%	19,674	4	0.38%
Verizon California Inc.	15,495	10	0.18%			
Pacific Bell				35,529	2	0.69%
GTE California, Inc.				22,332	3	0.44%
Atlantic Richfield Co.				13,913	5	0.27%
Union Oil Company of California				13,835	6	0.27%
Shuwa Investments Corporation				13,318	7	0.26%
<b>Total</b>	<b>\$ 234,429</b>		<b>2.74%</b>	<b>\$ 198,458</b>		<b>3.88%</b>

**Note:**

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) See schedule "Assessed Value & Actual Value of Taxable Property." The total assessed value, \$791,936,671 as of June 30, 2006, is based on Secured of \$813,276,803 plus Unitary \$10,718,105 less exemptions of \$32,058,237. Total assessed value, \$464,901,741 as of June 30, 1997, is based on Secured \$476,053,006 plus Unitary \$12,407,801 less exemptions of \$23,559,066.

**Source:**

Los Angeles County Treasurer and Tax Collector.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Collections Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1996 - 1997 (1)						
1997 - 1998 (2)	\$ 55,467,253	\$ 53,567,198	96.6%	\$ -	\$ 53,567,198	96.6%
1998 - 1999	56,376,281	54,339,738	96.4%	1,908,182	56,247,920	99.8%
1999 - 2000	59,202,683	57,054,336	96.4%	1,732,580	58,786,916	99.3%
2000 - 2001	62,268,376	60,193,998	96.7%	1,632,853	61,826,851	99.3%
2001 - 2002	64,247,912	62,189,804	96.8%	1,899,677	64,089,481	99.8%
2002 - 2003	67,717,809	65,555,310	96.8%	1,624,946	67,180,256	99.2%
2003 - 2004	69,320,656	67,488,837	97.4%	1,881,330	69,370,167	100.1%
2004 - 2005	72,588,020	70,524,175	97.2%	1,692,673	72,216,848	99.5%
2005 - 2006	76,799,954	74,561,363	97.1%	1,409,298	75,970,661	98.9%

**Notes:**

- (1) Property tax levies and collections for Fiscal Year 1996-1997 are not available.  
(2) Collections in Subsequent Years for Fiscal Year 1997-1998 are not available.

**Source:**

Tax ledgers for the Flood Control District provided by the Auditor-Controller Accounting Division, Property Tax Section.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands, except per capita)

**Governmental Activities**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Accreted Interest</u>	<u>Unamortized Bond Premiums</u>	<u>Unamortized Loss on Advance Debt Refund</u>	<u>Pension Bonds Payable</u>	<u>Capital Leases</u>	<u>Total Primary Government (1)</u>	<u>Percentage of Assessed Value (2)</u>	<u>Per Capita (3)</u>
1996 - 1997	\$ 54,135	\$ 206,765	-	-	-	-	-	\$ 260,900	0.052%	\$ 0.03
1997 - 1998	46,390	197,140	-	-	-	-	-	243,530	0.049%	0.03
1998 - 1999	38,735	187,185	-	-	-	-	-	225,920	0.044%	0.02
1999 - 2000	31,162	177,910	-	-	-	-	-	209,072	0.038%	0.02
2000 - 2001	23,640	168,247	-	-	-	-	-	191,887	0.033%	0.02
2001 - 2002	16,975	158,135	-	-	-	-	-	175,110	0.028%	0.02
2002 - 2003	10,955	143,195	-	-	-	-	-	154,150	0.023%	0.02
2003 - 2004	6,155	131,790	-	-	-	-	-	137,945	0.019%	0.01
2004 - 2005	2,265	119,615	-	-	-	-	-	121,880	0.016%	0.01
2005 - 2006	1,080	126,760	-	-	-	-	-	127,840	0.015%	0.01

**Notes:**

- (1) Details regarding the Flood Control District's outstanding debt can be found in the Basic Notes to the Financial Statements.
- (2) See the "Demographic and Economic Statistics" schedule for population figures.
- (3) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.

**Source:**

Los Angeles County Flood Control District Financial Statements from Fiscal Year 1996-97 to Fiscal Year 2005-06.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 RATIO OF NET GENERAL BONDED DEBT  
 LAST TEN FISCAL YEARS (dollars in thousands except per capita)

Fiscal Year	Population (1) & (2)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996-97	\$ 9,488,225	\$ 497,337,009	\$ 54,135	\$ 6,097	\$ 48,038	0.0001	5.06
1997-98	9,603,545	501,456,468	46,390	6,009	40,381	0.0001	4.20
1998-99	9,757,535	516,561,676	38,735	5,720	33,015	0.0001	3.38
1999-00	9,884,350	546,330,916	31,162	5,641	25,521	0.0000	2.58
2000-01	9,802,690	582,446,793	23,640	5,934	17,706	0.0000	1.81
2001-02	9,825,045	622,362,097	16,975	4,934	12,041	0.0000	1.23
2002-03	9,979,465	660,255,041	10,955	4,654	6,301	0.0000	0.63
2003-04	10,102,855	709,612,258	6,155	3,270	2,885	0.0000	0.29
2004-05	10,226,506	761,355,097	2,265	1,603	662	0.0000	0.06
2005-06	10,245,572	835,901,668	1,080	836	244	0.0000	0.02

**Notes:**

- (1) See "Demographic and Economic Statistics" schedule for population figures.
- (2) This information represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (3) Long-term general bonded debt outstanding includes Storm Drain General Obligation Bonds only.

**Source:**

Los Angeles Almanac website address: [www.laalmanac.com/population](http://www.laalmanac.com/population).

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)  
June 30, 2006

Full Cash Value (2005-06) \$ 748,692,783,144 (1)  
Population - (2006) 10,245,572 (2)

	Percent Applicable	Debt May 1, 2006
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Los Angeles County	100%	\$ 16,205,000
<b>Los Angeles County Flood Control District</b>	<b>100</b>	<b>127,840,000</b>
Metropolitan Water District	46.814	182,370,959
Los Angeles Community College District	100	694,705,000
Other Community College Districts	Various	763,255,262
Beverly Hills Unified School District	100	148,849,380
Burbank Hills Unified School District	100	95,339,996
Glendale Unified School District	100	152,960,000
Long Beach Unified School District	100	252,235,000
Los Angeles Unified School District	100	5,776,960,000
Pasadena Unified School District	100	210,445,000
Pomona Unified School District	100	144,625,000
Other Unified School Districts	100	1,907,890,805
High School and School Districts	Various (3)	974,588,695
City of Los Angeles	100	1,445,250,000
City of Los Angeles Special Tax Lease Revenue Bonds	100	142,055,000
City of Industry	100	206,200,000
Other Cities	100	47,985,000
Special Districts	100	11,901,632
Community Facilities Districts	100	784,229,691
Los Angeles County Regional Park & Open Space Assessment District	100	325,710,000
1915 Act and Benefit Assessment Bonds - Estimate	100	224,442,400
Los Angeles County Metropolitan Transportation Authority Benefit Assessment District Bonds	100	82,575,000
<b>TOTAL DIRECT AND OVERLAPPING TAX &amp; ASSESSMENT DEBT</b>		<b>\$ 14,718,618,820</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Los Angeles County General Fund Obligations	100	\$ 1,271,856,972 (4)
Los Angeles County Pension Obligations	100	1,050,097,395
Los Angeles County Office of Education Certificates of Participation	100	21,784,577
Community College District Certificates of Participation	Various (3)	121,207,918
Los Angeles Unified School District Certificates of Participation	100	270,333,350
Pomona Unified School District Certificates of Participation	100	67,055,000
Other Unified School Districts Certificates of Participation	100	385,022,070
High School and School District General Fund Obligations	Various (3)	170,618,213
City of Beverly Hills General Fund Obligations	100	183,670,000

(Continued)

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued  
June 30, 2006

	Percent Applicable	Debt May 1, 2006
<b><u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT - Con't.:</u></b>		
City of Los Angeles General Fund & Judgement Obligations	100	1,141,355,000
City of Long Beach General Fund Obligations	100	289,760,000
City of Long Beach Pension Obligations	100	97,255,000
City of Pasadena General Fund Obligations	100	267,295,000
City of Pasadena Pension Obligations	100	136,590,000
Other Cities' General Fund Obligations	100	1,079,866,106
Los Angeles County Sanitation Districts General Fund Obligations	100	405,660,000
Walnut Valley Water District General Fund Obligations	100	15,055,000
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 6,974,481,601</b>
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina del Rey)		(39,230,000)
School District self-supporting bonds		(33,500,000)
Cities' self-supporting bonds		(189,115,629)
Walnut Valley Water District General Fund Obligations		(15,055,000)
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 6,697,580,972</b>
<b>GROSS COMBINED TOTAL DEBT</b>		<b>21,693,100,421 (5)</b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$ 21,416,199,792</b>
<b><u>RATIOS TO 2005-06 ASSESSED VALUATION</u></b>		
Direct Debt (\$16,205,000)		0.002%
Total Direct and Overlapping Tax and Assessment Debt		1.74%
<b><u>RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)</u></b>		
Combined Gross Direct Debt (\$2,338,159,367)		0.31%
Net Combined Direct Debt (\$2,298,929,367)		0.31%
Gross combined Total Debt		2.90%
Net Combined Total Debt		2.86%
STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/05:		\$ 1,225,130

**Notes:**

- (1) Excludes \$95,246,092,863 redevelopment incremental valuation; including unitary utility valuation.
- (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance and the U.S. Census Bureau as of January 1 of each year.
- (3) All 100%, or almost 100%, except for Antelope Valley Joint UHSD, Fullerton UHSD and Community College Districts and the schools and special districts included in them.
- (4) Excludes tax and revenue anticipation notes.
- (5) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds, and nonbonded capital lease obligations.

**Source:**

California Municipal Statistics.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)

						COMPUTATION OF LEGAL DEBT MARGIN June 30, 2006	
Fiscal Year	Assessed Value (1)	Legal Debt Limit (2)	Total Net Applicable Debt	Legal Debt Margin (3)	Legal Debt Margin/ Debt Limit	Assessed valuation (net taxable)	\$ 835,901,668
1996 - 1997	\$ 497,337,009	\$ 6,216,713	\$ 54,135	\$ 6,162,578	99.13%		
1997 - 1998	501,456,468	6,268,206	46,390	6,221,816	99.26%	Applicable percentage in computing capacity	1.25%
1998 - 1999	516,561,676	6,457,021	38,735	6,418,286	99.40%		
1999 - 2000	546,330,916	6,829,136	31,162	6,797,974	99.54%	Total debt limit	\$ 10,448,771
2000 - 2001	582,446,793	7,280,585	23,640	7,256,945	99.68%		
2001 - 2002	622,362,097	7,779,526	16,975	7,762,551	99.78%	Less: Total net applicable debt	1,080
2002 - 2003	660,255,041	8,253,188	10,955	8,242,233	99.87%		
2003 - 2004	709,612,258	8,870,153	6,155	8,863,998	99.93%	Legal debt margin, June 30, 2006	\$ 10,447,691
2004 - 2005	761,355,097	9,516,939	2,265	9,514,674	99.98%		
2005 - 2006	835,901,668	10,448,771	1,080	10,447,691	99.99%		

**Notes:**

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Taxable Property" schedule. This information above represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) The Legal Debt Limit is 1.25% of assessed value.
- (3) The Legal Debt Margin is the Flood Control District's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable from the Legal Debt Limit.

**Source:**

Auditor-Controller, County of Los Angeles.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 PLEDGED-REVENUE COVERAGE (UNAUDITED)  
 LAST FIVE FISCAL YEARS (in thousands)

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Revenue Bonds

<u>Fiscal Year</u>	<u>Revenue</u>		<u>Debt Service</u>		<u>Total</u>		<u>Coverage</u>		
	<u>Collected</u>		<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>				
2001 - 2002	\$	107,552	\$	158,135	\$	54,267	\$	212,402	0.51
2002 - 2003		115,003		143,195		39,003		182,198	0.63
2003 - 2004		111,697		131,790		32,821		164,611	0.68
2004 - 2005		112,653		119,615		27,414		147,029	0.77
2005 - 2006		113,296		126,760		31,159		157,919	0.72

**Note:**

(1) Trend data is available for only the prior four fiscal years since the implementation of GASB 34.



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED) (1)  
 LAST TEN FISCAL YEARS (In thousands)

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<u>Year</u>	<u>Population County of Los Angeles *</u>	<u>Personal Income **</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment (2) ***</u>	<u>Unemployment Rate</u>	
1997	9,488	\$ 232,360	\$ 24.49	1,550	6.8%	
1998	9,604	253,516	26.40	1,583	6.5%	
1999	9,758	263,987	27.05	1,618	5.9%	
2000	9,884	279,050	28.23	1,651	5.3%	
2001	9,803	294,508	30.04	1,682	5.7%	
2002	9,825	301,003	30.64	1,711	6.8%	
2003	9,979	310,044	31.07	1,736	7.0%	
2004	10,103	329,048	32.57	1,742	6.5%	
2005	10,226	349,868	34.21	1,734	5.3%	
2006	10,246	370,860	36.20	1,708	4.5%	(3) ****

**Note:**

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Public school enrollment.
- (3) Year 2006 is an estimate as of April 2006.

**Sources:**

- \* Los Angeles Almanac website address: [www.laalmanac.com/population](http://www.laalmanac.com/population).
- \*\* Bureau of Economic Analysis website address: [www.bea.gov](http://www.bea.gov). Year 2006 is an estimate from Los Angeles County Economic Development Corporation (LACEDC).
- \*\*\* California Department of Education website address: [www.cde.ca.gov](http://www.cde.ca.gov).
- \*\*\*\* LACEDC website address: [www.laedc.org](http://www.laedc.org).

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
PRINCIPAL EMPLOYERS (UNAUDITED) (1)  
CURRENT YEAR AND FOUR YEARS AGO

	2006			2002 (2)		
	Number of Employees *	Rank	Percentage of Total County Employment	Number of Employees *	Rank	Percentage of Total County Employment
<u>Company or Organization</u>						
County of Los Angeles	93,200 (3)	1	1.92%	93,354	1	1.95%
Los Angeles Unified School District	74,632	2	1.54%	80,802	2	1.69%
Federal Government	53,200 (4)	3	1.10%	56,100	3	1.17%
University of California, Los Angeles	35,543	4	0.73%	36,354	5	0.76%
City of Los Angeles	53,471	5	1.10%	51,150	4	1.07%
State of California (noneducation)	30,200	6	0.62%	32,300	6	0.68%
Kaiser Permanente	32,180	7	0.66%	27,635	7	0.58%
Northrop Grumman Corp.	21,000	8	0.43%	10,000	10	0.21%
Boeing Co.	15,825	9	0.33%	23,468	8	0.49%
Kroger Co. (formerly Ralph's Grocery Co.)	14,000	10	0.29%	17,211	9	0.36%
Ten largest companies or organizations	423,251		8.71%	428,374		8.95%
All other companies or organizations	4,434,149		91.29%	4,356,426		91.05%
<b>Total companies or organizations</b>	<b>4,857,400 (5) **</b>		<b>100.00%</b>	<b>4,784,800 (6) **</b>		<b>100.00%</b>

**Notes:**

- (1) This schedule is based on the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.  
(2) Information nine years ago was not available. As such, we used 2002 information that was the earliest available.  
(3) May not include part-time or temporary employees or student workers.  
(4) Includes U.S. Postal Service.  
(5) As of October 2006.  
(6) As of December 2002.

**Sources:**

- \* Los Angeles Almanac website address: [www.laalmanac.com/population](http://www.laalmanac.com/population).  
\*\* State of California Employment Development Department website address: [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov).

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM (UNAUDITED)  
 LAST TEN FISCAL YEARS (In thousands)

Function/Program	(1) and (2)	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
General Government		10,410	10,269	10,143	10,469	10,447	10,808	11,063	11,201	10,915	11,018
Public Protection	(3)	31,778	32,729	34,836	36,170	37,198	38,428	38,175	37,688	37,065	38,049
Health and Sanitation		25,410	25,369	25,327	26,311	27,107	27,737	27,056	26,079	26,322	26,717
Public Assistance		15,129	15,481	16,287	17,653	18,600	19,536	19,310	19,048	19,132	19,540
Education		1,557	1,550	1,559	1,600	1,628	1,666	1,706	1,722	1,722	1,828
Recreation and Cultural Services		2,060	2,104	2,186	2,317	2,282	2,352	2,406	2,388	2,324	2,393
Total		<u>86,344</u>	<u>87,502</u>	<u>90,338</u>	<u>94,520</u>	<u>97,262</u>	<u>100,527</u>	<u>99,716</u>	<u>98,126</u>	<u>97,480</u>	<u>99,545</u>

**Notes:**

- (1) Full-time equivalent count is calculated by dividing the total number of man-months paid by 12. Full-time equivalent employees include all employees on our payroll system. This accounts for the difference between the total employee number of County employees on this schedule and the number of County employees per the "Principal Employers" schedule.
- (2) Specific data for Public Ways and Facilities is not available.
- (3) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area. Full-time equivalent County employees in the Flood Control District are reflected under the Public Protection Function/Program.

**Source:**

Employee Count study performed by the Auditor-Controller-Accounting Division.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
 OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)  
 LAST FIVE FISCAL YEARS

Function/Program	(1)	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u> (Estimated)
Public Protection						
Flood Control						
Operation and maintenance costs per mile of storm drain maintained	\$	1,891	\$ 1,088	\$ 1,309	\$ 1,602	\$ 1,367
Operation and maintenance costs per mile of channel maintained		52,690	45,459	51,864	46,046	45,966
Operation and maintenance costs per mile of thousands cubic yards of debris basin capacity		672	1,664	915	1,741	820
Operation and maintenance costs per mile of foot of dam capacity		125	148	197	211	215
Flood Plain Management						
Cost of replying to FEMA Flood Insurance inquiries		N/A	N/A	194,923	171,806	290,000
Cost of performing the floodplain impact reviews		N/A	N/A	24,591	42,458	50,000
Cost of preparing CRS recertification		N/A	N/A	44,740	115,419	88,000
Cost of FEMA Nationwide Remap		N/A	N/A	4,475	237,655	80,000
						2,393
Total	\$	55,378	\$ 48,359	\$ 323,014	\$ 616,938	\$ 558,761

**Note:**

(1) Trend data is available for only the prior four fiscal years since the implementation of GASB 34.

**Sources:**

2004-05, 2005-06, and 2006-07 Proposed County Budgets, Volume One.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST THREE FISCAL YEARS

<u>Function/Program</u>	(1)	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Public Protection				
Linear Feet of Channel		2,924,837	2,924,837	2,926,093
Linear Feet of Storm Drain		15,077,213	15,087,435	15,150,380
CDS Unit		17	17	17
Debris Basin		129	129	129
Debris Retaining Inlet		260	260	260
Detention Retention B		21	21	21
Crib Dam		234	234	234
Barrier		3	3	3
Pump Plant		52	52	52
Spreading Ground		26	26	26
Dam		15	15	15
Stream Gauging Station		60	60	60
Catch Basin		77,827	77,827	77,827

**Notes:**

(1) Trend data is available for only the prior three years since the implementation of GASB 34.

**Sources:**

"Flood Network" for FY 2003-04, FY 2004-05 and FY 2005-06 provided by County of Los Angeles Department of Public Works, Fiscal Division, Expenditure Management Section, Property Unit.

# **Other Compliance Report**



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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Auditor-Controller  
County of Los Angeles  
Los Angeles, California

**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Los Angeles County Flood Control District (District), California, as of and for the fiscal year ended June 30, 2006, and have issued our report thereon dated January 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the County of Los Angeles Board of Supervisors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Los Angeles, California  
January 25, 2007

# Photo Gallery



## APPENDIX – PHOTO GALLERY



**Morris Dam Drum  
Gate Repair**

**L.A. River TMDL**



**Ernie's Walk  
(Landscaping)**

## APPENDIX – PHOTO GALLERY



**Regional Project No. 1105 Redondo Beach Area Low Flow Diversion**



**Lindero Canyon (Channel Repair)**



## APPENDIX – PHOTO GALLERY



**SMRRF [Santa Monica (Dry Weather) Runoff Reclamation Facility]**



**San Gabriel River Bike Trail**

## **APPENDIX – PHOTO GALLERY**



**Thomas A. Tidemanson  
Public Works Headquarters  
Seismic Retrofit Project**